



Sustainability report

for the year ended
31 March 2020

incorporating the **Social and Ethics** report

We connect
for a better future



Who we are

Vodacom is a leading African communications company providing a wide range of communication services, including data, mobile and fixed voice, messaging, financial services, Enterprise IT, and converged services to 115.5 million customers (including Safaricom).

From our roots in South Africa, we have grown our mobile network business to include operations in Tanzania, the DRC, Mozambique, Lesotho and Kenya. Our mobile networks cover a total population of over 289 million people¹. Through Vodacom Business Africa (VBA), we offer business-managed services to enterprises in 51 countries. Vodacom is majority-owned by Vodafone (60.5% holding), one of the world's largest communications companies by revenue.

Why

Our purpose

To provide affordable access to the internet for the next 100 million people in our markets

We connect for a better future



Digital society
Connecting people and things to the internet



Inclusion for all
A digital future that is accessible to all



Planet
Reducing our environmental impact

Where

Our vision

- To be the leading technology communications company in Africa;
- Connecting for a better future; and
- One of the world's greatest places to work.

How

The Spirit of Vodacom

- Earn customer loyalty;
- Create the future;
- Experiment – learn fast; and
- Get it done together.

What

Our strategy

What we need to do

1 Best customer experience
We provide a seamless, frictionless, personalised digital experience for our customers. 29

2 Segmented propositions
We develop a deep insight of our customers' needs, wants and behaviours, and provide propositions to lead in chosen segments. 26

3 Financial services
We scale our financial services offerings to empower the lives of our customers through financial inclusion. 32



4 Digital content platforms
We grow into new verticals of digital services to better serve our customers and create value. 34

5 Best technology
We aim to be the leading telco in all markets through the best network and IT excellence, with digital at the core. 36

6 Digital organisation and culture
We build an organisation of the future where digital is first for all employees, underpinned by innovation, agility and new skills. 40

7 Our brand and reputation
We aspire to be a purpose-led organisation, connecting for a better future, by enabling a digital society, inclusive for all, with the least environmental impact. 42

1. Including Safaricom at 100%.

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Scope

This report presents an overview of the Vodacom Group's economic, social, environmental and governance performance for the period 1 April 2019 to 31 March 2020, inclusive of operations in South Africa, Tanzania, Mozambique, the Democratic Republic of Congo (DRC) and Lesotho. This report should be read in conjunction with the annual integrated report. All data and information apply to the Vodacom Group, unless specifically indicated otherwise. The annual sustainability reporting process is guided by the principles and requirements contained in the King Code on Corporate Governance 2016 (King IV), Carbon Disclosure Project (CDP), JSE Listings Requirements, FTSE Russell, South African Companies Act of 2008, International Financial Reporting Standards (IFRS), International Integrated Reporting Framework and the Global Reporting Initiative's Sustainability Reporting Standards.

Approach to collecting data

The Sustainability report has been compiled from information sourced from our markets. The primary data was drawn from our internal reporting and data management systems. The data sources included Vodacom's internal systems and portals, energy management system, Connect for Good portal and Social and Ethics Committee reports. Secondary data was collected from publicly available information and reports, industry specific reports such as the Global System for Mobile Communications Association (GSMA) and other generic reports.

Availability of the report

This Sustainability report is available in PDF format on www.vodacom.com.

About this Sustainability report

Our Sustainability report summarises Vodacom's sustainability strategy and performance for the financial year 2020. The report forms part of a collection of reports developed as part of Vodacom's integrated reporting process. Our Sustainability report reviews our performance in the most material economic, social and environmental impacts of our operational activities. The report also includes information on the management of the Vodacom Group Social and Ethics Committee's performance in compliance with the Companies Act.

2020 highlights

Delivering social value



Customers (including Safaricom)

115.5
million



Enabled financial inclusion

53.2
million financial services customers



Total cash tax contribution

R20.4
billion



Investment in CSI

R146
million



Investment in infrastructure

R13.2
billion



Rural network sites

377
in South Africa

Investing in our people



Number of full-time permanent employees

7 641



Women representation in the workplace

43.5%



Ratio of average basic salary of men to women (times)

1.3:1



Workplace-related fatalities

2



Skills development

R430.3
million



Black representation in Executive Committee

67.0%



Lost-time injury frequency rate (LTIFR)

0.07

Product and service responsibility

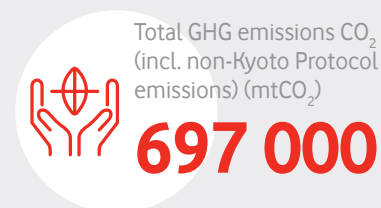
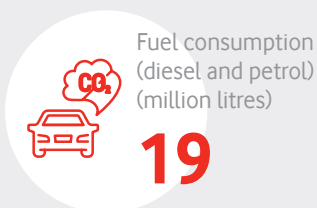
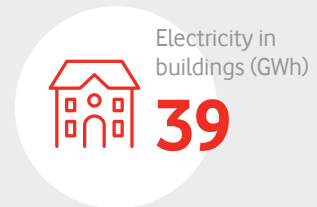
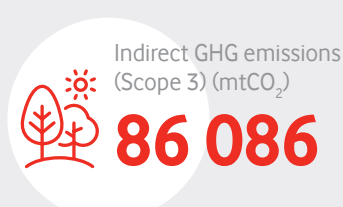
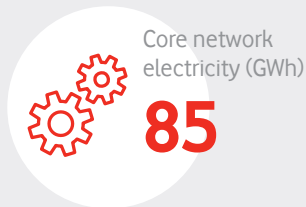
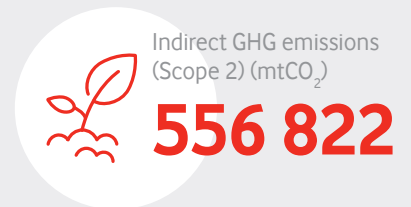
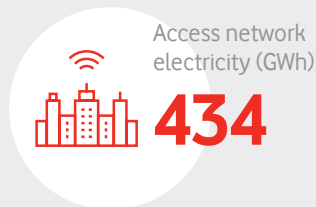
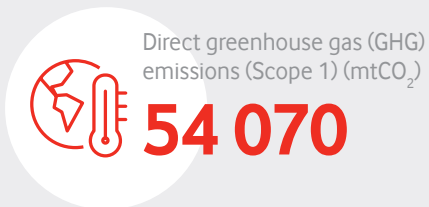
Customer NPS (3 out of 5 markets)

1st

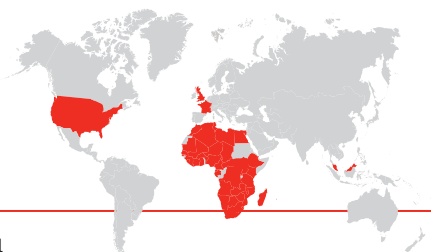




Responsible environmental management









Where we operate



Vodacom Business International

Algeria	Côte d'Ivoire	Gambia	Mauritius	South Sudan
Angola	Democratic Republic of the Congo (DRC)	Ghana	Morocco	eSwatini
Benin	Guinea	Guinea	Mozambique	Tanzania
Botswana	Kenya	Kenya	Namibia	Togo
Burkina Faso	Djibouti	Lesotho	Niger	Tunisia
Burundi	Egypt	Liberia	Nigeria	Uganda
Cabo Verde	Equatorial Guinea	Libya	Rwanda	United Kingdom
Cameroon	Guinea	Madagascar	Senegal	United States of America (USA)
Central African Republic (CAR)	Ethiopia	Malawi	Sierra Leone	Zambia
Chad	France	Mali	Singapore	Zimbabwe
	Gabon	Mauritania	South Africa	

<p>1</p>  <p>South Africa</p> <p>Ownership: 100%</p> <p>Population¹ (estimate) 58.6 million</p> <p>GDP growth¹ estimate 0.2%</p> <p>Customers (thousand) 41 312</p> <p>ARPU² (local currency per month) R86</p> <p>Licence expiry period 2029</p> <p>Coverage (2G) (3G) (4G) 99.9% 99.7% 95.4%</p> <p>NPS 1st</p> <p>Points of presence – formal⁶ 9 232</p> <p>Points of presence – informal⁶ 58 123</p> <p>Number of employees 5 403</p>	<p>2</p>  <p>Lesotho</p> <p>Ownership: 80%</p> <p>Population¹ (estimate) 2.1 million</p> <p>GDP growth¹ estimate 0.9%</p> <p>Customers (thousand) 1 660</p> <p>ARPU² (local currency per month) LSL69</p> <p>Licence expiry period 2036</p> <p>Coverage (2G) (3G) (4G) 97.1% 98.7% 84.3%</p> <p>NPS 2nd</p> <p>Points of presence – formal⁶ 12 437</p> <p>Points of presence – informal⁶ 11 118</p> <p>Number of employees 229</p>	<p>3</p>  <p>Mozambique</p> <p>Ownership: 85%</p> <p>Population¹ (estimate) 30.4 million</p> <p>GDP growth¹ estimate 2.2%</p> <p>Customers (thousand) 7 656</p> <p>ARPU² (local currency per month) MZN252</p> <p>Licence expiry period 2038</p> <p>Coverage (2G) (3G) (4G) 67.3% 56.1% 25.2%</p> <p>NPS 3rd</p> <p>Points of presence – formal⁶ 33 425</p> <p>Points of presence – informal⁶ 8 762</p> <p>Number of employees 599</p>	<p>4</p>  <p>DRC</p> <p>Ownership: 51%</p> <p>Population¹ (estimate) 86.8 million</p> <p>GDP growth¹ estimate 4.4%</p> <p>Customers (thousand) 13 766</p> <p>ARPU² (local currency per month) US\$3.1</p> <p>Licence expiry period 2021/2026/2028/2032/2038⁴</p> <p>Coverage (2G) (3G) (4G) 56.2% 31.4% 22.0%</p> <p>NPS 1st</p> <p>Points of presence – formal⁶ 25 674</p> <p>Points of presence – informal⁶ 383 923</p> <p>Number of employees 578</p>	<p>5</p>  <p>Tanzania</p> <p>Ownership: 75%*</p> <p>Population¹ (estimate) 58.0 million</p> <p>GDP growth¹ estimate 6.7%</p> <p>Customers (thousand) 15 513</p> <p>ARPU² (local currency per month) TZS5 616</p> <p>Licence expiry period 2031</p> <p>Coverage (2G) (3G) (4G) 89.8% 58.6% 32.6%</p> <p>NPS 1st</p> <p>Points of presence – formal⁶ 89 791</p> <p>Points of presence – informal⁶ 27 981</p> <p>Number of employees 551</p>	<p>6</p>  <p>Safaricom (Kenya)</p> <p>Ownership: 34.94%**</p> <p>Population¹ (estimate) 52.6 million</p> <p>GDP growth¹ estimate 5.4%</p> <p>Customers (thousand) 35 607</p> <p>ARPU² (local currency per month) KES615</p> <p>Licence expiry period 2022/2024/2026⁵</p> <p>NPS 1st</p> <p>Coverage (2G) (3G) (4G) 96% 94% 77%</p>
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Notes:

- * In September 2019 Vodacom Group finalised its acquisition of an additional 588 million shares in Vodacom Tanzania from Mirambo Limited, increasing its stake from 61.6% to 75%.
- ** Vodacom Group Limited owns 87.5% of Vodafone Kenya Ltd, which in turn holds 39.93% of Safaricom Plc, giving Vodacom an effective holding of 34.94% in Safaricom.
- 1 The Bureau of Economic Research for SA and Fitch Solutions for all other countries (extraction date: 30 April 2020).
- 2 Total ARPU is calculated by dividing the average monthly service revenue by the average monthly customers during the period.
- 3 Total ARPU is calculated by dividing the average total service revenue by the average monthly customers during the period.
- 4 2021 (VSAT licence), 2026 (Wimax licence), 2028 (2G licence), 2032 (3G licence), 2038 (4G licence).
- 5 2022 (3G licence), 2024 (2G licence), 2026 (4G licence).
- 6 Formal points of presence include Vodacom owned and franchised shops, service providers and private outlets, retailers that purchase directly from Vodacom, M-Pesa agents and ATMs. Informal points of presence include super dealers, territory and data dealers, street vendors/freelancers, informal resellers and virtual top-ups.

Customers (million)

	2020	2019
South Africa	41.3	43.2
Tanzania	15.5	14.1
DRC	13.8	12.2
Mozambique	7.7	6.8
Lesotho	1.7	1.5
Safaricom ¹	35.6	31.7

Revenue (million)

	2020 IFRS 16	2019 IAS 17
South Africa (R)	69 593	67 887
Tanzania (TZS)	1 032 667	1 024 587
DRC (US\$)	512	473
Mozambique (MZN)	24 601	21 071
Lesotho (LSL)	1 377	1 308
Safaricom (KES) ¹	262 558	250 283

1. The Group's effective interest of 34.94% in Safaricom Plc is accounted for as an investment in associate. Results represent 100% of Safaricom and are for illustrative purposes only.

How we create value

Our value chain activities

We secure access to spectrum, invest in mobile and fixed networks and information technology, develop and distribute a wide range of products and services tailored to our market segments, and run a strong customer care and brand programme.

These activities enable us to ensure revenue growth and high levels of cash generation, used to reinvest in the resources and relationships (the six capitals) that we rely on to do business and to deliver on our core purpose: connecting for a better future.



Spectrum, network and IT infrastructure

Most of our communication services depend ultimately on having access to spectrum. We strive to secure this access at a competitive price through proactive engagement with government and regulators. Our Vision 2025 strategy leads us to build on our substantial investment in network infrastructure and to expand into fixed broadband assets (cable and fibre). We are also investing in IT services, Big Data and analytics, digital services, fintech, customer relationship capability, billing, and online resources. We leverage our advanced IT infrastructure to become agile and smarter in deploying products and services, and to ensure exceptional customer care. We are increasingly using IoT in our network infrastructure to deliver significant energy efficiency and cost savings.



Procurement activities

To manage our vast supplier landscape, we leverage off the global purchasing power and responsible procurement practices of the Vodafone Procurement Company, enabling the purchase of responsibly manufactured network equipment, handsets and other services on favourable terms. We balance the benefits of global purchasing with our commitment to promoting economic opportunities in our host countries and driving black economic empowerment (BEE) in South Africa.



Product and service development

We are continually developing new products, services and pricing models, informed by our segmented customer approach that caters for each customer's needs, and behaviours in both the consumer and enterprise markets. Our products and services are evolving into new streams including IoT and financial and digital services. We place a strong emphasis on protecting customer privacy, and mitigating the risk of data theft or loss. We are implementing the 'Agile' methodology across various departments to ensure we respond faster in a constantly changing environment. We harness the power of Big Data to deliver personalised offers to our customers.



Customer service

Providing the best customer experience is a strategic priority and an essential source of market differentiation. We are constantly deepening our understanding of customers and their needs to provide targeted product and service offerings. Our ambition is to provide exceptional customer service through a seamless, personalised, omni-channel, digital customer experience.



Sales and distribution

Our many robust sales and distribution channels, as well as our after sales value chain, has positioned us as market leaders. Our traditional distribution channels have evolved and include many digital channels including online, USSD and the MyVodacom App. We also provide essential opportunities for SMEs and informal traders.



Managing our brand and reputation

We are building a brand that is purpose-led, developing and maintaining a reputation as a company that is 'connecting for a better future', and that shows leadership in promoting inclusive and environmentally responsible socioeconomic transformation. We communicate our service offerings and maintain our brand presence through our marketing and brand strategy.

CEO statement

Shameel Aziz Joosub



The most successful businesses in the world are those that have a clear social purpose, and that seek to generate profit responsibly by finding business solutions to societal challenges. At Vodacom, our purpose is to 'connect for a better future'. This is at the heart of what we do. In delivering on this purpose, our ambition is to improve the lives of the next 100 million customers by 2025, by connecting people and things to the internet, driving digital inclusion for all, and reducing our environmental impact.

We strongly believe that improved voice and data connectivity is a powerful tool for achieving socioeconomic development, helping to reduce poverty, improve healthcare and education, enhance financial inclusion and food security, and promote sustainable growth. It is for this reason that Vodacom has committed to becoming a purpose-led organisation, guided by a clear social contract – to build trust with our customers, ensure fairness and inclusivity, and maintain a reputation for responsible leadership and innovation.

Responding to COVID-19

Vodacom is committed to finding an appropriate expression in our response to the profound impact of the coronavirus pandemic. In addition to taking robust measures to ensure the safety of our employees and maintain our business viability, Vodacom has been actively assisting governments and health workers in implementing effective response measures to support the resilience of communities and small businesses, and to help individuals and their families adapt to these very challenging circumstances.

In response to a rapid increase in demand for network capacity and data services across our markets we have successfully taken measures to maintain network resilience, alleviate congestion, and ease the risk of disruptions in our services, including securing temporary allocation of high-demand spectrum in South Africa. We have been working closely with governments to enhance their capacity to deliver critical government services, as well as using our geodata tracking and Big Data capabilities to improve governments' insights into the movement of people in affected areas, while respecting individual privacy.

In South Africa, Vodacom donated 20 000 smartphones, 100TB of data and 10 million voice call minutes to be used by health workers in the battle against the COVID-19 pandemic. In helping to raise awareness on COVID-19 prevention and provide free access to vital information and advice, we are working with the Department of Health to send SMS awareness messaging to over 44 million subscribers, zero-rating the official South African COVID-19 website and other relevant health, education, hospital, emergency, security, social grant and unemployment benefit websites. We have partnered with health insurance company Discovery in delivering a COVID-19 online healthcare platform for citizens to assess their COVID-19 risk, schedule free virtual professional healthcare consultations and advice to alleviate pressure on hospitals.

Promoting an inclusive, digital society

We continue to focus on pricing transformation to improve the affordability of data. In April 2020, we announced a range of initiatives in South Africa to further cut data prices and increase access to free data services, cumulatively delivering R2.7 billion in savings for customers. In expanding the availability of low-cost devices, we sold over 4.2 million affordable smartphone devices in South Africa, and introduced one of the most affordable 4G smartphones, costing as little as R299.

Vodacom recognises the importance of a digitally inclusive society and the role of internet access in enabling economic participation. Hence, we now offer our customers unlimited access to a suite of internet essentials without any charges through our ConnectU platform. Bearing in mind our less privileged communities, where people have lower disposable income, ConnectU gives Vodacom customers free access to various essential resources including job portals, educational content, health and wellness information, and access to select government sites such as Home Affairs, ambulance services, education sites and government communication services. Our e-School platform, which provides zero-rated digital content to learners, is playing an important role in supporting ongoing education for learners on extended leave as a result of the COVID-19 lockdown period. We plan to implement ConnectU in our international markets in the next year.

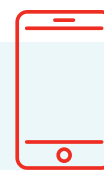
The steady increase in mobile phone usage and enhanced internet access in all our markets has been invaluable in promoting financial inclusion. In our international markets our M-Pesa platform provides affordable access to financial services to 14.7 million customers. This year we concluded our incorporation of the M-Pesa joint venture with Safaricom, enabling us to further drive value creation across our African markets, increasing

savings, providing loans to SMEs, reducing poverty and creating valuable economic opportunities. Our nano-loans are growing in popularity among our customers, providing small loans of up to US\$10 for essentials like food, airtime and electricity.

In South Africa, we continue to expand our portfolio of financial services, which includes providing diverse digital payments, nano-lending, short-term insurance, valuable home and legal assist products and lending specifically for small and medium-sized enterprises which are at the heart of providing economic opportunities.

It is pleasing to report that this year, Vodacom retained the highest broad-based black economic empowerment (B-BBEE) contributor score of Level 1, demonstrating our commitment to advancing economic transformation in South Africa. Vodacom's investment in enterprise development, preferential procurement, skills development and employee diversity consistently garner external recognition of our leading B-BBEE performance.

The significant social benefits delivered through our products and services are supported by our corporate social investment (CSI) activities. This year, we invested up to R146 million in education, health and well-being, gender equality and other community initiatives. The Vodacom Foundation programmes are progressively leveraging our product and service innovations to address societal challenges.



In South Africa, Vodacom donated **20 000 smartphones, 100TB of data and 10 million voice call minutes** to be used by health workers in the battle against the COVID-19 pandemic.

Enhancing the reach and quality of our network

The reach and quality of our network reinforces Vodacom's ability to create value through connectivity. We continue to increase our network coverage and have successfully expanded the 4G network across all our markets. We have added 137 new network sites in rural communities in South Africa that were previously not connected. This year, we have invested R13.2 billion in infrastructure, modernising the network and upgrading our capacity to improve the overall customer experience across all our markets. We continue to implement IoT capabilities in our infrastructure and as a result have more than 3 700 sites with this capability through the Raptor project. Following the introduction of 5G in Lesotho in the previous financial year, Vodacom will be introducing 5G in South Africa in the next financial year through our latest deal with Liquid Telecom. We are actively engaged with the government and regulatory authorities to access additional spectrum, which will enable us to extend broadband coverage, especially in rural and remote communities. In South Africa, we have at times experienced network-related challenges as a result of extended load-shedding by the national energy utility (Eskom), which has put pressure on our back-up diesel generators and batteries. As a result, we have spent more than R400 million on batteries for our network sites. We are taking proactive measures to help mitigate ongoing risks.

Promoting responsible environmental stewardship

In alleviating our environmental impacts, we have placed a strong focus on investing in climate-smart, energy-efficient networks and solutions, developing water-wise practices for our operations, and minimising waste across our value chain. In anticipation of the increasing demand for digital services, which directly increases Vodacom's energy consumption, we are implementing an energy management strategy aimed at reducing our energy usage and carbon

emissions by progressively decarbonising our energy mix.

Through our water conservation efforts, we have steadily decreased our water consumption in South Africa by 63% since 2015. Our highlights this year in reducing levels of e-waste include extending the useful life of 308 tons of redundant network equipment for reuse within our network, responsibly destroying 1 189 tons of batteries and recycling 977 tons of e-waste across our markets. In addition to minimising the impacts of our activities, we have created product and service offerings to help customers optimise their environmental performance, including smart-metering and other IoT-enabled devices that help to reduce energy and water consumption, and lower greenhouse gas emissions.

To demonstrate our commitment to responsibly manage our environmental, social and governance (ESG) issues, this year Vodacom secured an ESG loan from Standard Bank South Africa, the first of its kind for a telco in South Africa. The loan incentivises us to improve our ESG performance by directly linking the financial terms of the loan to predetermined sustainability targets.

Valuing our passionate workforce

Our workforce plays a vital role in maintaining customer satisfaction and delivering on our strategic objectives. Maintaining a safe and healthy working environment remains a priority in everything we do. This year, I am saddened to report the tragic loss of lives in two separate motor vehicle incidents involving our contractors: one involving a member of the public in the DRC, and the other a contractor in Lesotho. Both incidents were investigated fully, and we have been reviewing our risk assessments and safety procedures for third-party transporters.

This year, Vodacom officially introduced the purpose journey and the culture element that will propel employees to behave in alignment with our purpose strategy. The new Vodacom culture, the Spirit of Vodacom, instils a culture of creating a better future for customers, encouraging collaboration and enabling innovation that will help fulfil our purpose and social contract.

In promoting the well-being of our employees, we have launched a mental health policy and trained 82 well-being ambassadors to support employees in managing and alleviating mental health challenges. It is pleasing to report that we retained our top employer certification, with all Vodacom markets recognised as 'top employers' based on our efforts to create a digital environment that nurtures and develops its employees. Our organisational culture includes embedding respect for the privacy and security of every customer's personal information.

Supporting resilience in a changing world

Across the globe, society is experiencing an era of exceptional economic and social turbulence associated with the coronavirus pandemic. As we navigate the uncertain future and adapt to fast-changing circumstances, Vodacom embraces the imperative of delivering on our social contract and purpose to positively transform the lives of millions more people across our markets, and make a significant contribution towards achieving national and global development objectives.

In closing, I wish to express my appreciation to all of Vodacom's employees, the executive team and the Board for their collective contribution to the Group's continuing strong performance. I would also like to thank our business partners, shareholders and other stakeholders for their ongoing engagement and support.



Shameel Aziz Joosub
CEO

2 June 2020

Sustainability governance and management

Vodacom is committed to operating responsibly, by acting with honesty and integrity and maintaining robust ethics, governance and risk management processes. We have secured the trust of our customers and other stakeholders, which is integral to the long-term success of our business. In addition to protecting value by building trust and mitigating risk, we also encourage responsible business practices which are important for value creation. Our experience has shown that there are many exciting opportunities to maintain competitive differentiation and deliver commercial advantage by implementing innovative digital solutions to respond to societal challenges.

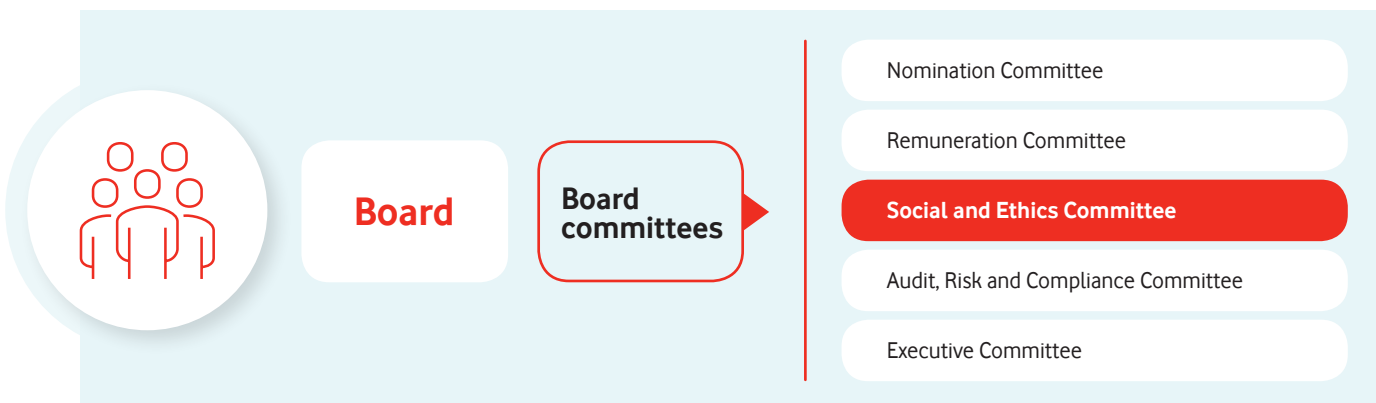
The Vodacom Group Board takes overall responsibility for Vodacom's success. The role of the Vodacom Group Board is to exercise leadership and sound judgement in steering Vodacom to achieve sustainable growth and maintain good relationships with our stakeholders. The Vodacom Group Board places a specific focus on sustainability considerations, risks, opportunities, stakeholder relations, innovation and the creation of stakeholder value within the business operating context. The Vodacom Group Board has delegated responsibility for the Group's environmental, social and economic development performance to the Group Social and Ethics Committee.



The Group Social and Ethics Committee oversees and monitors Vodacom's activities related to:

- ▶ Social and economic development, including the principles of the United Nations Global Compact, BEE, and the Organisation for Economic Co-operation and Development's (OECD's) recommendations on corruption;
- ▶ Good corporate citizenship, which includes the promotion of equality, the prevention of unfair discrimination, corporate social responsibility, ethical behaviour and managing environmental impact;
- ▶ Customer relations;
- ▶ Labour and employment, including skills development;
- ▶ Safety, health and environmental issues; and
- ▶ Stakeholder management.

The committee receives reports from various business areas in the Group on a quarterly basis to ensure oversight and accountability for achieving sustainability goals and objectives.



Delivering on our Purpose

To build and retain the trust of our stakeholders, and to ensure that digital connectivity delivers on its full potential, we have embarked on a journey to become a purpose-led organisation, guided by a clear social contract. Our sustainability strategy helps us to deliver on our purpose and ensure that we act responsibly in all our markets.

Digital society



Affordable internet for all

- ▶ Rural coverage, low-cost smartphones, ConnectU

Digital platforms

- ▶ Connected Farmer, smart buildings, digitising government services

Financial inclusion

- ▶ M-Pesa, airtime advance and other financial products and services

Inclusion for all



Poverty alleviation through education

- ▶ Education ecosystem and digital platforms for education such as e-School and Instant Schools

Empowering women and promoting diversity

- ▶ Mum & Baby, Code like a Girl, diversity in the workplace, prevention of gender-based violence (GBV)

Planet



Climate-smart solutions for our operations and customers

- ▶ Renewable energy, energy efficiency, IoT for customers

Reducing waste

- ▶ General waste and e-waste

Smart water practices

- ▶ Water management solutions for our operations and customers

To achieve our purpose, we aim to strengthen our reputation by safeguarding the trust of our stakeholders and ensuring that digital connectivity delivers on its full potential for responsible leadership and innovation. We strive to meet the expectations of our customers, regulators and the public while maintaining positive relationships with our stakeholders. Our social contract is a pact to help strengthen trust across all stakeholder groups. In simple terms, it is a renewal of vows with existing stakeholders to ensure that we strengthen our reputation and also drive an understanding with each stakeholder on what we stand for as a company. To build and retain the trust of our stakeholders, and to ensure that digital connectivity delivers on its full potential, Vodacom has embarked on a journey to become a purpose-led organisation, guided by a clear social contract – to build trust with our customers, ensure fairness and inclusivity, and maintain a reputation for responsible leadership and innovation.



To improve the next **100 million lives** and halve our environmental impact by 2025

Vodacom connects over 115.5 million people across our markets to the digital society. We are optimistic about how technology and connectivity can enhance the future and improve people's lives. Through our business we aim to build a digital society that transforms communities, embraces everyone, leaving no one behind, and does not come at the cost of our planet.

We believe that Vodacom has a significant role to play in contributing to the societies in which we operate. During the year, we articulated our purpose – the ambition to improve the next 100 million lives and halve our environmental impact by 2025, and building on existing and new initiatives, efforts and solutions in our markets.

We aspire to enable an inclusive and sustainable digital society. In parallel, we remain dedicated to ensuring that Vodacom operates responsibly and ethically, supported by our social contract.

Our purpose is aligned to the United Nations Sustainable Development Goals (SDGs). We believe that our solutions to drive digital and financial inclusion can enhance the achievement of these goals. This year marks the beginning of the 'decade of delivery' to achieve the SDGs, which provide a clear roadmap and call to action for business to contribute towards creating a better future.

Vodacom Foundation

The Vodacom Foundation has divided all our supported programmes into four inter-linked quadrants of the Vodacom Foundation Matrix which forms the basis of our strategy.



CASE STUDY

Vodacom the first telco in South Africa to secure a sustainability-linked loan

During the year, Vodacom secured a sustainability-linked loan worth R2 billion with Standard Bank South Africa (SBSA), making it the first agreement of its kind for a telco in South Africa. The sustainability loan motivates Vodacom to better manage ESG factors by lowering the finance costs in accordance with our sustainability performance. As part of the agreement, Vodacom and SBSA agreed on a set of targets for the loan, based on an overall ESG management score, of which the baseline is 55.8 points this year. The overall ESG management score will be assessed independently by Sustainalytics for the duration of the loan, to determine our updated management score. The ESG score is calculated based on seven key principles: corporate governance, product governance, carbon emissions, data privacy and security, business ethics, human capital, and human rights. Acquiring this loan demonstrates our commitment to improving our sustainability performance, which is underpinned by the objective of connecting people for a better future.

The Vodacom Foundation has adopted a developmental and strategic approach in our CSI programmes, which aims to integrate ICT solutions when responding to societal challenges, as demonstrated on the quadrants above. The Vodacom Foundation will continue to support charity-based programmes while progressively introducing digital solutions to empower and align these programmes to our strategy.

To demonstrate the integration of ICT solutions in our CSI programmes, we have introduced ICT solutions to our supported nonprofit organisations (NPOs), enabling these organisations to operate more efficiently by automating their administrative processes. To enhance this initiative, the Vodacom Foundation trained young volunteers in ICT skills, and allocated the graduates to the NPOs to provide the necessary ICT support.

Vodacom is also introducing the 'Connected Farmer' application, our agriculture solution, to our female farmers programme. The app will support the farmers to meet potential buyers by profiling their farms and produce on the application. The programme will also include digital skills training for the female farmers.



The Vodacom Foundation has invested over

R1 billion

in communities since 1999.

Our contribution to CSI has been recognised externally, with the Vodacom Foundation in South Africa rated as the top corporate in CSI by other corporates, and third by NPOs, according to Trialogue's 2019 annual research.

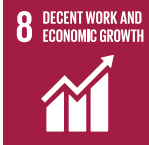
Vodacom CSI spend

(R 000)	2020	2019	2018	2017
South Africa	95 024	89 831	90 449	90 593
Lesotho	6 342	3 625	1 291	6 533
Mozambique	28 242	47 338	11 754	2 620
Tanzania	8 919	7 451	5 373	6 155
DRC	7 372	4 275	1 944	5 900
Total	145 899	152 520	110 811	111 801

Our contribution to the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were developed to transform the world by presenting a unified vision to end poverty, reduce inequality and prevent further harm to the planet. The 17 SDGs define global priorities and aspirations for 2030, and represent an opportunity to eliminate extreme poverty and place the world on a sustainable path.

The SDGs were adopted by all UN member states in 2015, including the South African government. The National Development Plan in South Africa, which prioritises eliminating poverty, reducing inequality and growing an inclusive economy by 2030, is aligned with the SDGs, and has been integrated into government planning systems and processes across all spheres of government.





Our business strategy includes a clear commitment to removing barriers to digital access and leveraging the power of our technology, networks and services to contribute to the achievement of the SDGs.

We strongly believe that improved voice and data connectivity is a powerful tool for accelerating socioeconomic transformation and contributing meaningfully towards achieving national and global development objectives. Through the impact of our products and services (such as our education, healthcare, financial inclusion and agriculture platforms) and the work of the Vodacom Foundation, we believe we can increase the speed and scale of the delivery of the SDGs. In alignment with our strategy and business objectives, we have identified and prioritised eight SDGs where we believe we can have the most significant impact.



For more information on our contribution to the SDGs, refer to our SDGs report on <https://www.vodacom.com/pdf/sustainability/vodacom-un-sdgs.pdf>

Our stakeholders

Vodacom Group does not operate in isolation: our ability to deliver value depends on the contribution and activities of a range of different stakeholders.

In the tables below, we briefly outline those stakeholder groups who have a substantive impact on our ability to create value, outlining their contribution to value creation, our means of engaging with them, and the stakeholders' primary interests relating to our business activities. We have also provided our internal assessment of the quality of our current approach to engaging with the different stakeholder groups.

Our self assessment of the current quality of our relationship

☆ No existing relationship, or one that is fractured and has deep challenges	☆☆ An established relationship, but further work needed to improve the quality	☆☆☆ Good quality relationship, with room for further improvement	☆☆☆☆ Very strong relationship, based on mutual trust and shared benefit
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Government and regulators



Provide access to spectrum and operating licences, impose regulatory measures with cost implications.

How we engage

- Personal consultation with the government and regulatory representatives
- Participation in public forums
- Engagement on draft regulations and bills
- Industry consultative bodies
- Partnering on various social programmes
- Hosting workshops to improve sector understanding
- Participation in parliamentary processes
- Our Social Contract

Material stakeholder interests

- Ensuring that spectrum is managed as a strategic resource;
- Protecting consumer interests on service quality, costs and privacy;
- Establishing licence certainty in our operating environments;
- Opportunities for job creation and socioeconomic development;
- Regulatory compliance (e.g. mobile termination rates, price, security, safety, health, and environmental performance);
- Contribution to the tax base;
- Using Big Data analytics to provide aggregated data to help track the spread of COVID-19 and population movement; and
- Donating smartphones and data to health professionals to transmit data for resource planning.

Our response:
Our brand and reputation (page 42), Integrated report.

42

Customers



Purchase our products and services, providing the basis for revenue growth.

How we engage

- Retail outlets, online and call centres
- MyVodacom App, messaging and USSD channels
- Net promoter score (NPS) feedback, interviews and focus groups
- Social media interaction
- Vodacom website
- Executive Committee visits to stores

Material stakeholder interests

- Better value offerings;
- Faster data networks and wider coverage;
- Making it quick and easy to deal with Vodacom;
- Converged solutions for business customers;
- Managing the challenge of data-usage transparency;
- Privacy of information; and
- Prompt feedback/resolution on service-related issues.

Our response:
Best customer experience (page 29), Segmented propositions (page 26), Financial services (page 32), Digital content platforms (page 34), Integrated report.

29

Employees



Their skills, experience and productivity drive the development and execution of strategy.

How we engage

- Internal website
- Newsletters and electronic communication
- Employee Consultative Council
- Employee hotline
- Leadership roadshows
- Pulse surveys
- CEO 'fireside chats' which are more frequent during the lockdown period

Material stakeholder interests

- Opportunities for personal and career development;
- Communication and knowledge sharing across the Group;
- Enhancing leadership coaching capacity;
- Competitive remuneration; and
- Deepening digital skills and ways of 'agile' working.

Our response:
Digital organisation and culture (page 40), Integrated report, Sustainability report (A technology employer)

40

Investors and shareholders



Provide the financial capital for long-term growth.

How we engage

- Personal meetings, roadshows, conferences
- Investor days
- Annual and interim reports
- SENS announcements
- Monthly and quarterly reviews with Vodafone
- Investor relations page on our website

Material stakeholder interests

- Strategy to ensure sustained financial growth;
- Responsible allocation of capital;
- Sound corporate governance practices;
- Transparent executive remuneration; and
- Stable dividend policy.

Our response:
Share information (page 78), Integrated report, Consolidated annual financial statements, Sustainability report

78

Suppliers



Impact our ability to cost-effectively provide products and services.

How we engage

- Supplier forums
- Ongoing site visits
- Tenders and requests for audits
- Supplier audits and assessments

Material stakeholder interests

- Timely payment and fair terms;
- B-BBEE compliance;
- Improving health and safety standards;
- Partnering on environmental solutions;
- Supplier/product innovation;
- Faster payment terms for our B-BBEE suppliers; and
- Development of black female owned suppliers.

Our response:
Our brand and reputation (page 42), Integrated report, Sustainability report (responsible and inclusive supply chain)



Communities



Strengthen the socioeconomic context in which we operate, inform our reputation.

How we engage

- Community interaction in projects relating to education, health, agriculture and financial inclusion
- Public participation on new base stations
- Open days at universities
- Vodacom Foundation/community partnerships
- Our Social Contract

Material stakeholder interests

- Access to mobile voice and data services;
- Delivery of global and national development goals;
- Free-to-use social media, education and job sites;
- Responsible investment in infrastructure;
- Transparency on our performance;
- Partnership with Discovery Health to connect the public with doctors through virtual consultations;
- Zero-rating government and other websites;
- Providing timely and authentic information on the COVID-19 pandemic; and
- Affordable data prices to 2 000 poorest towns in South Africa.

Our response:
Our brand and reputation (page 42), Integrated report, Sustainability report.



Business partners/franchisees



A key interface with our customers – custodians of our brand and reputation.

How we engage

- Annual business partner conference
- Bi-annual franchise road shows
- Quarterly Franchisee Council Committee meetings
- One-on-one business meetings
- Training sessions on products and services
- Store, franchise and retail visits

Material stakeholder interests

- Fair treatment.
- Top management involvement with customers;
- Making it quicker and easier to deal with us;
- Developmental loans for new black franchisees; and
- Channel transformation to create more black-owned franchisees.

Our response:
Best customer experience (page 29), Integrated report.

29

Media



Inform company reputation and consumer awareness of products and services.

How we engage

- Face-to-face and telephonic engagement
- Interviews with CEO and key executives
- Media releases and product-related publicity
- Roundtables
- Product launches

Material stakeholder interests

- Being informed of key activities and offerings; and
- Transparency on performance.

Our response:
Integrated report, consolidated annual financial statements, Sustainability report



Developing a new 'social' contract

Vodacom's Purpose is to 'connect for a better future'. We use our technology and communication services to connect people and enable businesses in an increasingly digital world. Enhanced communication can contribute to improving quality of life, promotes efficiency and facilitates greater social inclusion by enabling the sharing of information between individuals, communities and businesses. In delivering on this Purpose, the Vodacom Group has committed to a Social Contract guided by three core principles:

1

To build **trust** with our customers through simplified and transparent pricing, customer-orientated solutions and reducing our planetary impact.

2

To ensure **fairness** and promote digital inclusivity through enhanced access to digital products, services and infrastructure; and

3

To demonstrate **responsible leadership** through innovation in IoT and mobile financial services, leadership in convergence and solutions that benefit society.

Our COVID-19 response strategy:

Providing rapid, comprehensive and coordinated support to society by ensuring vital connectivity that keeps families connected and enables businesses to operate, students to learn, healthcare to be delivered and governments to provide critical services.

As the COVID-19 pandemic continues to impact society, Vodacom is committed to supporting society during this period of profound uncertainty. As a provider of critical connectivity and communication services that enables a digital society, we have announced a **six-point plan** to support our communities.

1. Maintaining the quality and resilience of our networks

To assist governments and citizens to stay connected, it is essential to maintain a minimum level of resilience and quality of service in our networks.

- ▶ We have applied for the temporary release of spectrum to support the demand for telecommunication services in response to the recent rapid increase in traffic on our networks across all our markets, with the exception of Lesotho.
- ▶ Vodacom in South Africa was granted a licence on 20 April 2020 for the temporary assignment of spectrum in the IMT700, IMT800, IMT2600 and IMT3500 bands. There are various conditions attached to the licence that relate to supporting the overall national COVID-19 government response.
- ▶ The application for spectrum in the other markets is under review and pending approval by the relevant regulators.
- ▶ Vodacom in South Africa has set aside a budget of R500 million for network upgrades to facilitate the effective management of the network traffic upsurge during the COVID-19 lockdown initiated in March 2020.
- ▶ Vodacom will further spend more than R9.1 billion in the 2021 financial year to expand and increase capacity and resilience in our network.

2. Providing capacity and services for critical government functions

We are providing health workers with access to connectivity and solutions that will support COVID-19 remote consultations, data collection and testing.

- ▶ Vodacom has provided 20 000 and 1 000 devices in South Africa and Lesotho, respectively, to the Ministry of Health departments for field workers involved in testing and related data collection.

- ▶ In Lesotho, Tanzania and Mozambique, we provided free allocation of data and airtime to healthcare workers, and the ministries of health, higher learning and science to assist in managing the COVID-19 pandemic.
- ▶ In South Africa and Tanzania, we partnered with the respective ministries of health to send awareness messages to our customers.
- ▶ Vodacom in South Africa partnered with the medical aid provider Discovery Health to offer South Africans easy access to dedicated online COVID-19 screenings and 100 000 free consultations. At year end, 2 265 consultations (776 video and audios and 1 489 chats) had been provided.
- ▶ Through Mezzanine, we provide health solutions that are positioned to assist in responding to the COVID-19 crisis, such as our pathology management solution (eLabs), Stock Visibility Solution and AitaHealth.
- ▶ The Vodacom Group CEO elected to donate 33% of his salary to the Solidarity Fund in South Africa for three months.

With schools being closed during the COVID-19 lockdown, Vodacom offered free access to government educational resources, as well as other educational resources recommended by the national educational authorities and academic institutions.

- ▶ The Vodacom e-School platform exceeded one million registered users in March 2020 during the lockdown in South Africa. The platform has curriculum-aligned educational material for grades R to 12 learners and is free to all Vodacom customers.
- ▶ In the DRC, Mozambique and Tanzania, usage of Vodacom Instant Schools (an online learning platform) has increased since March 2020. For instance, in the DRC, levels of active users increased by more than 200% in March 2020.
- ▶ Vodacom provided a zero-rated data offer to all public higher education institutions and public high schools in South Africa and Lesotho.
- ▶ In South Africa and Lesotho, Vodacom provided discounted data packages of 30GB at universities to promote blended learning. The data costs were absorbed by the universities.
- ▶ In Tanzania, we donated over R18 million to the government's COVID-19 Containment Committee for the sourcing of personal protective equipment (PPE).

3. A digital future that is accessible to all

Vodacom is offering all our host country governments the ability to disseminate critical COVID-19 related information to assist in dispersing timely and accurate information to the public. This is done via text alerts and providing free access to health and education sites.

- ▶ Vodacom zero-rated access to key government and other essential websites in South Africa, Lesotho and Tanzania, providing free access to government services such as health, education, home affairs, ambulance services, education sites and government communication services during the COVID-19 pandemic.
- ▶ In the DRC, Vodacom zero-rated all COVID-19-related government calls.

4. Facilitating working from home and helping SMEs within our supply chain

The economic repercussions of the COVID-19 pandemic are likely to be significant and long-lasting. We are providing businesses of all sizes, with an emphasis on SMEs, with remote working solutions, advice and best practice information on how to use these services in the most effective way.

- ▶ Vodacom has introduced faster supplier payment terms for SMEs that face potential liquidity challenges.
- ▶ Vodacom has extended loans to SMEs, through Vodaland, to assist these enterprises in managing cash flow challenges as COVID-19 impacts intensify in South Africa. Vodacom funded more than 100 SMEs through Vodaland in March 2020.
- ▶ In South Africa, we are offering unlimited data and special offers to SMEs for a limited period.

5. Supporting exit strategies that enable the restarting of economy and society

Data insights are essential to understand the effectiveness of lockdown periods and the spread of the COVID-19 pandemic. Wherever technically and lawfully possible, Vodacom is assisting governments in acquiring insights based on large anonymised data sets.

- ▶ Vodacom partnered to use geodata tracking and Big Data capabilities to improve government insights on population movement, while respecting individual privacy. We also intend to assist in the modelling of the spread of the virus and movement of people in South Africa, Lesotho and the DRC. This is done under stringent measures, taking into consideration our privacy policies and national regulations.
- ▶ In South Africa, the government issued regulations on contact tracking and tracing. The regulations direct an operator to provide information pertaining to the location or movements of any person known or suspected to have contracted COVID-19, or reasonably suspected to have come into contact with such a person. Vodacom is satisfied that there are enough safeguards in place to ethically share required information within the confinements of the regulations.

6. Enabling cashless payments and financial inclusion

During the COVID-19 crisis, M-Pesa is a strong alternative to cash, offering a no-contact payment solution. M-Pesa has worked with regulators to implement various supportive measures across our markets, including enabling free person-to-person transactions, increasing transaction and balance limits, and flexible customer registration and on-boarding.

- ▶ In some of our markets where stringent lockdown measures were applied, mobile financial services were declared an essential service. Vodacom reached agreements with the central banks to lower transaction fees and adjust tier levels to facilitate cashless payments in the DRC, Lesotho and Mozambique.
- ▶ In Lesotho and the DRC, we have zero-rated transactions for merchant transactions and person-to-person money transfers.
- ▶ In South Africa, the Vodacom airtime advance service significantly increased, from R3.6 million to R4.5 million advances per day during the COVID-19 lockdown.

Responding to stakeholder 'hot topics'

Being transparent and responsive to stakeholders' interests is essential in building and maintaining trust (social capital), which is fundamental to our ability to create value. While there are always many different stakeholder interests that we have to deal with, we have prioritised four 'hot issues' that were most visible during this financial year that we believe have a material bearing on our ability to create value.

Data affordability in South Africa

The issue

In South Africa, the cost of ICT services in general and data, in particular, remains a key interest and concern among various stakeholder groups. The need for data affordability is also driven by increasing regulatory intervention. In December 2019, the Competition Commission released its Data Services Market Inquiry report, outlining various recommended measures to promote greater economic and social inclusion as the country moves into the digital age. The anticipated release of high demand spectrum will be a key enabler.

Our response

We recognise the imperative of further lowering data prices, without compromising our ability to invest in network infrastructure to broaden and improve service provision.

Vodacom has been on a journey to transform data pricing for a few years now. Through this pricing transformation programme, we have introduced various initiatives to make data more affordable and accessible for all customers. These initiatives include higher data allocation in integrated postpaid packages, introduction of shorter validity period bundles at significant discounts and price reductions on a number of data packages. On 1 March 2019, we also lowered our out-of-bundle rates significantly in addition to other measures as we implemented the End-User Subscriber Services Charter. These changes, mostly in relation to out-of-bundle usage, put an estimated R2 billion back in to our customers' hands.

This year, following an agreement reached with the Competition Commission, Vodacom committed to a range

STAKEHOLDERS

- ▷ Customers
- ▷ Government
- ▷ Regulators
- ▷ Investors
- ▷ Media

of initiatives to further reduce data prices and increase access to free data services, which will result in R2.7 billion in savings for customers. The initiatives were introduced on 1 April 2020 and formed part of a broader Vodacom Group programme to develop a Social Contract with stakeholders in order to collaborate and address societal challenges across all Vodacom markets. The agreement includes the following:

- ▷ Accelerating data pricing transformation on 30-day bundles by reducing prices by up to 40%; discounts are provided on all 30-day bundles, with further decreases to be implemented in April 2021.
- ▷ Consolidating all existing zero-rated data services with new essential services aimed at social upliftment into a single platform called ConnectU which also include:
 - Free access to job portals, educational content and free health and wellness information, as well as staying connected through Facebook Flex, the low data alternative to Facebook.
 - Zero-rated access to select government sites to assist members of the public in accessing government services such as Home Affairs, ambulance services, education sites and government communication services. This will assist everyone in gaining access to much needed government services as these are now moving into the digital space as well.
 - Expanding our zero-rated offering to all schools, universities and T-Vet colleges across the country. This will ensure that learners and students enrolled into these institutions will be able to access relevant information for free via their portals.
 - A full zero-rated internet search function powered by Wikipedia. This will allow customers access to the entire Wikipedia database of knowledge free of charge.
 - Free access to other essential information such as local and international headlines, trends and the weather.
 - In addition we have also identified 2 000 of South Africa's poorest towns, suburbs and villages, where customers will enjoy further discounted bundle offers ensuring that these discounts benefit includes the people who need it most.



Consumer privacy

The issue

Individual consumers are becoming increasingly connected through smartphones and other personal devices, spending more time on social media platforms and more frequently engaging in e-commerce transactions and digital financial services. As the ability to track and analyse 'connected consumers' becomes more sophisticated, so does the need to manage and protect personal information become more critical. Trust in big tech companies has recently been falling, with consumers and regulators increasingly concerned about the security of personal data and how it is being used.

STAKEHOLDERS

- ▷ Customers
- ▷ Government
- ▷ Regulators
- ▷ Media

Our response

Respecting customers' privacy, and protecting devices, networks, data and apps, remains a top priority and is integral to our code of conduct.

- ▷ As part of the Vodafone Group, we have adopted and implemented the Vodafone privacy risk management approach based on compliance with the EU's General Data Protection Regulation (GDPR) – the global 'gold standards' on data protection and privacy, with each market aligning the programme with existing in-country privacy legislation.

- ▷ In the wake of the Fourth Industrial Revolution and artificial intelligence and with the introduction of related products and services – the usage of which appears to trade off the privacy of users – we are cautious and vigilant in assessing products and services to ensure that the privacy and security of personal information is not compromised. Our security and privacy by design and assurance process has been fully implemented and rolled out across most of our organisations. This process allows the privacy, security and risk teams to assess privacy and security risks in respect of all products and processes – particularly in the Big Data analytics, business intelligence, Internet of Things, robotics and cloud computing environments. The overall result is that products and services are created with the principles of privacy and security being taken into account and built in at the design and development stage.

- ▷ Privileged user account management software ensures that users are authenticated, while end point security reduces the risk of malware damaging the end point device. We enforce strong security practices and controls to minimise security risks to critical Vodacom assets.

-
- ▷ A Vodacom cyber-defence team is in place to reduce the risks of cyberattacks, underpinned by specialised investigations and analytics consistent with global baselines for security monitoring.

-
- ▷ All legally entitled requests from security and enforcement agencies for customer information are managed in accordance with law enforcement policies and procedures, and with applicable local laws and regulations. These policies are aligned to the Vodafone global policies. We contribute annually to Vodafone's industry-leading law enforcement disclosure report, which provides a detailed insight into demands from law enforcement agencies in 28 countries.

-
- ▷ In response to COVID-19, our approach is to assist in combating and managing the spread of the pandemic by providing aggregated and anonymised movement data (based on our network usage patterns) to authorised government entities, thus enabling government to better understand movement patterns and respond accordingly.

Responding to stakeholder 'hot topics' continued



Network quality and coverage

The issue

To maintain an extensive network coverage, quality, and performance is both an essential source of competitive differentiation, as well as a legislated expectation in terms of 'quality of service' regulations. Unplanned disruptions in network performance, and any resulting shortfalls in network quality and availability, negatively impact consumer sentiment, which can be shared rapidly on social media. In South Africa, we have faced network challenges in some areas following extended load shedding by the national energy utility (Eskom), placing pressure on back-up diesel generators and batteries.

STAKEHOLDERS

- ▷ Customers
- ▷ Government
- ▷ Regulators
- ▷ Suppliers

Our response

- ▷ To meet the growing demand for data across our markets, we have invested R13.2 billion to widen our 3G and 4G data coverage, improve voice quality, and increase data speeds.
- ▷ In South Africa, our 3G coverage increased to 99.7% of the population and 4G coverage to 95.4%. High-speed transmission extended to 96.1% of our sites.
- ▷ To mitigate the risks associated with extended load-shedding, we have invested in additional batteries and generators across our South African network.
- ▷ Our International mobile operations now have 8 032 2G sites, 6 175 3G sites, 2 672 4G sites, and two 5G sites.
- ▷ We launched 5G services in South Africa on 5 May 2020 making use of the temporary spectrum assigned to us during the COVID-19 crisis. We have however secured spectrum for 5G through our agreement with Liquid Telecom.
- ▷ We continue to engage actively with regulatory authorities on accessing spectrum. This remains a critical factor in further improving network quality and coverage and reducing data costs.

Promoting transformation in South Africa

The issue

Vodacom has a long-standing record of commitment to promoting B-BBEE in South Africa, reflected in our consistent leadership position in terms of our independently assessed B-BBEE status and scoring. Our Vision 2025 strategy includes clear commitments to removing barriers to digital access and delivering societal benefits by playing a transformative role in providing inclusive financial services, and supporting municipal services, education, healthcare, agriculture and SMEs.

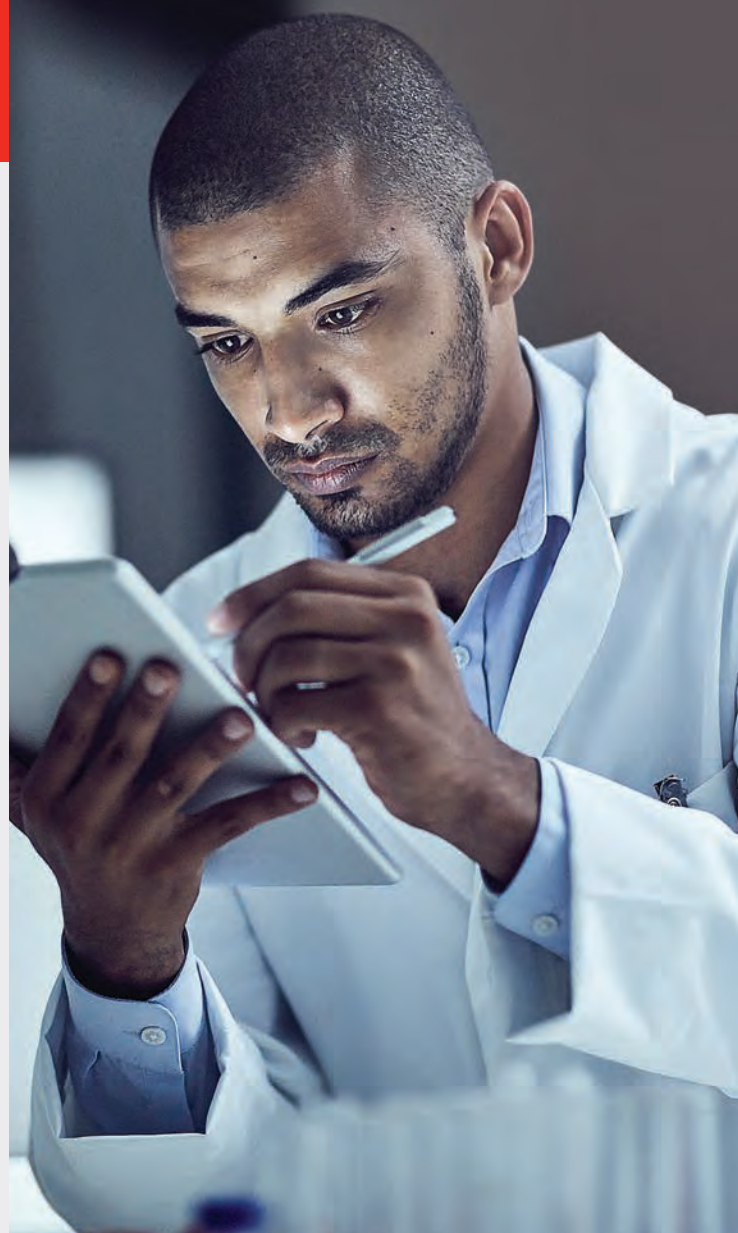
Our response

Our largest market, South Africa, has among the highest levels of inequality, unemployment and poverty globally. To address historical imbalances and to promote greater economic inclusion in the country, the government is committed to driving 'radical economic transformation'. For the ICT sector, this reflects in key provisions of the National Integrated ICT Policy White Paper and the Electronic Communications Amendment Bill. In our International markets, there are similar pressures from governments and consumers to broaden access to digital services and drive localisation.

- ▶ We pledged in 2018 to invest R50 billion over the next five years towards deploying 4G, 5G and fibre technologies in South Africa, with significant positive implications in terms of the enhanced economic opportunities associated with digital inclusion. Since 2018 we have invested R28.3 billion (R9.9 billion in FY2020), representing 57% of the total pledged.
- ▶ This year we invested R243 million in enterprise development and preferential procurement, and spent R275 million on skills development.
- ▶ We implemented a retail transformation strategy that encourages black ownership in our franchise channel.
- ▶ We are driving greater diversity (in terms of race, gender and disability) across employees and management.

STAKEHOLDERS

- ▶ Customers
- ▶ Government
- ▶ Regulators
- ▶ Media



Topics of interest related to regulatory affairs

ICASA inquiry into mobile broadband market

STAKEHOLDERS

- ▷ Government
- ▷ Regulators
- ▷ Media
- ▷ Customers

The issue

On 16 November 2018, ICASA gave notice of its intention to conduct an inquiry into mobile broadband services. The purpose of the inquiry was to assess the state of competition and to determine whether markets or market segments within the mobile broadband services value chain may have required regulatory intervention in terms of Chapter 10 of the Electronic Communications Act. ICASA issued a discussion document on 29 November 2019, setting out its findings from its initial investigation of the mobile broadband services market, proposing remedies where they found insufficient competition. These findings included:

- ▷ Retail pricing: ICASA's benchmarking concluded that data prices in South Africa were neither extremely high nor very low in relation to other African countries. ICASA did not propose any regulation at retail level.
- ▷ Site access: ICASA found that individual operators had significant market power in 193 out of 234 municipalities. To address the alleged significant market power in many municipalities for site access, ICASA proposed redrafting the current facilities leasing regulations together with more detailed guidelines for site access.
- ▷ Wholesale roaming: ICASA referenced that the market for roaming services was changing, noting new roaming agreements in the market, and as such concluded that pricing interventions would be premature.
- ▷ Spectrum: ICASA noted no operator had significant market power for spectrum and emphasised the need to assign high-demand spectrum.
- ▷ Mobile virtual network operator (MVNO) and access point name (APN) services: ICASA noted that its proposed upstream regulation should be sufficient intervention and no further regulation was proposed.

Our response

Vodacom submitted comments on 27 February 2020. Our proposal is for other elements of regulation to be completed first and new arrangements in the market to first take its course, before implementing any additional remedies. These include the licensing of spectrum, the licensing of a wholesale open access network (WOAN), and Competition Commission remedies as per the above.





ICASA high-demand spectrum licensing process

STAKEHOLDERS

- ▷ Government
- ▷ Regulators
- ▷ Media
- ▷ Customers

The issue

On 1 November 2019, ICASA published an information memorandum on the licensing process for International Mobile Telecommunications (IMT) high-demand spectrum, for comments on the assignment of mobile broadband wireless open access services using the complimentary bands IMT700, IMT800, IMT2300, IMT2600 and IMT3500. The memorandum provides details on the proposed obligations and auction format, and invited stakeholders to submit feedback on the factors and/or principles that ICASA should consider in determining the reserve price per lot as well as spectrum caps.

Our response

Vodacom submitted comments on 31 January 2020, detailing our arguments on the proposed spectrum to be awarded, as well as licence obligations, the award process for spectrum to the industry and legal issues.

On 6 April 2020, ICASA issued regulations that allowed operators to apply for temporary high-demand spectrum licences that would be valid for the duration of the National State of Disaster in South Africa. Vodacom duly applied and was granted a licence on 20 April 2020 for the temporary assignment in the IMT700, IMT800, IMT2600 and IMT3500 bands. There are various conditions attached to the licence that relate to support for the government's overall national COVID-19 response.



Digital Society

Vodacom believes in a connected digital society that connects people, communities and things to the internet like never before, proving that connectivity, IoT solutions and mobile financial services enable incredible innovation and technologies that transform lives.

Vodacom has more than 5.3 million IoT connections.

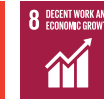
Digital society



Connecting over two million lives to our digital platforms by 2025 in South Africa.



Connecting over 56 million lives to our financial inclusion services by 2023 across all our markets.

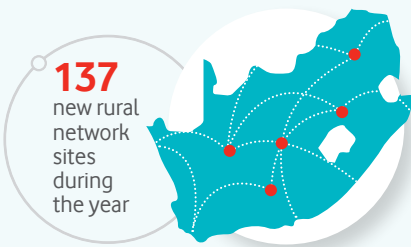


Affordable internet for all

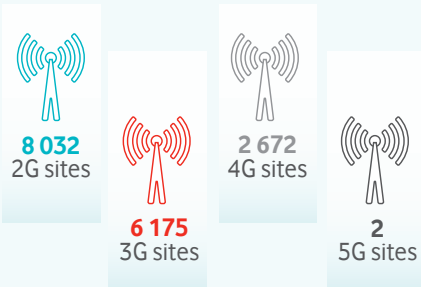
Rural coverage acceleration programme

A mobile phone provides users with a platform to access a range of life-enhancing services beyond communications, which include access to financial services, healthcare and education. Vodacom's rural coverage acceleration programme focuses on extending coverage to rural communities that are not connected to the network.

Vodacom has 377 (2019: 240) rural network sites, extending coverage to communities in South Africa that were previously not connected



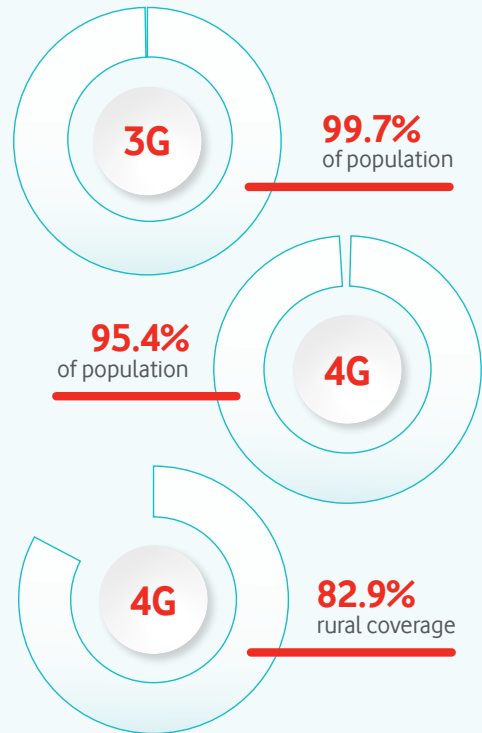
Across our Vodacom international markets, we have now deployed



The Vodacom fibre penetration has reached up to 109 536 homes and businesses in South Africa.



Network coverage in South Africa



Vodacom switches on base station sites in five villages that had zero mobile connectivity

During the year, Vodacom switched on 20 3G-enabled base station sites in the remote rural areas of Limpopo. Six of these base station sites were deployed in five villages in the Lebowakgomo and Tubatse municipalities that were previously not connected to the network. In KwaZulu-Natal, villagers on the Zululand border were connected for the first time when we rolled out greenfield sites in the area. In addition to providing access to mobile connectivity, the rural network expansion at the border of Mozambique also contributed to a reduction in cross-border crime.



Affordable internet for all continued



Digital inclusion with affordable smartphones

To drive digital inclusion through device penetration, Vodacom facilitates access to affordable smart devices in our markets. During the year, Vodacom had 20.1 million smart devices on our network, an increase of 3.9%, while the number of 4G devices increased by 34.5% to 12.9 million in South Africa. We introduced one of the most affordable 4G smart feature phone, the 'Vibe' retailing at R299 to drive device penetration in South Africa. In our international markets, smartphone users increased by 4.2% to 10.2 million, representing 26% of our customer base. To drive device penetration in our International markets, we introduced the smart Kitochi in Tanzania, a low-cost smart feature phone with 29 000 devices sold since its introduction in November 2019. In Mozambique, we sold over 750 000 low-cost devices and in Lesotho, we introduced the Kicka 3, a smart feature phone retailing at R299.



In South Africa, Vodacom sold **4.2 million** affordable smart devices costing less than R849.

To further drive digital inclusion and reduce the barrier to entry to 4G devices and services, this year we introduced prepaid device financing, enabling customers with no credit facilities to pay for 4G devices in instalments in South Africa. We also introduced a lay-by option for 3G and 4G smartphones in Lesotho and Mozambique.

Vodacom introduces South Africa's first smartphone-only town

Vodacom partnered with BPG Langfontein, a farming business that employs the majority of people living in Wakkerstroom, a small town that straddles Mpumalanga and KwaZulu-Natal provinces. The main objective of the partnership was to facilitate access to affordable smart devices in this rural community. Vodacom upgraded all farm workers in the area from 2G feature phones to 3G devices. As a result, Wakkerstroom became the first smartphone-only town in the country.



ConnectU provides free access to online resources

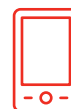
In our drive to encourage digital inclusion through increased access to free data services we have consolidated our existing zero-rated data services with new essential services aimed at social upliftment into a single ConnectU platform in South Africa. ConnectU provides Vodacom customers with free access to various online resources including job portals, educational content, health and wellness information, and access to select government sites such as Home Affairs, ambulance services, education sites and government communication services. We have also expanded our zero-rated offering to all schools, universities and T-Vet colleges across the country, and provide free access to Facebook Flex, the low-data alternative to Facebook. Our ConnectU platform offers free access to essential services making the Internet accessible to all South Africans via their mobile device.



Digital literacy to prevent data loss

Mobile applications that continue to run in the background of a smartphone device can lead to the rapid depletion of data. To promote digital literacy, we have placed experts in our retail stores to help our customers to understand how to use their smartphones optimally. The experts provide information on internet browsing, sending emails, using social media and monitoring apps to prevent data loss. Our online data use knowledge platform, Datawyze, has enabled 10 million of our customers to access information on effective data usage and management in South Africa. In Mozambique, the Net Control service protects our customers from being charged out-of-bundle rates, preventing the loss of mobile data due to mobile applications running in the background. Similarly, in the DRC, Vodacom introduced a functionality that notifies customers when unused applications are running in the background.

To further ensure transparency in mobile data usage, Vodacom customers can manage their mobile data spend and purchase mobile data on the MyVodacom app across all our markets.



2.0 million

active users on MyVodacom
App in South Africa

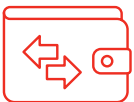
Affordable internet for all continued



Price transformation strategy

Our price transformation strategy drives digital inclusion by providing access to affordable and transparent products and services. In South Africa, we have reduced pricing on certain 30-day bundles. On 1 April, we accelerated this pricing transformation with discounts on all 30-day bundles, up to 40%. To drive price transformation in the DRC we have significantly reduced data prices, by 63%, in the past three years. In Lesotho, Vodacom reduced out-of-bundle rates per MB by 26% in the past two years.

In Mozambique, Vodacom introduced 'Good Morning', a service that offers data and voice bundles at a reduced cost between 6am and 12pm.



In the DRC, Vodacom introduced a data sharing wallet which enables a group of customers to buy mobile data in bulk at an affordable price of **R2 200 for 100GB.**

To further drive digital inclusion, Vodacom employee extender enables primary postpaid customers to take a second contract for employees in their households, at a reduced cost.

Vodacom continues to use Big Data analytics to deliver affordable personalised bundles for low-spend prepaid customers with our Just 4 U platform, across all our markets. Just 4 U provides affordable price packages to over four million customers in South Africa.



In South Africa, Vodacom **extended** discounted bundle offers to **prepaid customers** in areas where the majority of people are living below the food poverty line, **benefitting** more than **2 000 towns.**

We reduced the cost of **1GB** of data from **R149** to **R99** making this one of our biggest value commitments to South African customers.

Access to digital content

In South Africa, Video Play provides access to local and international content, with 3.5 million Video Play purchases made during the year. To remove the barrier to access entertainment services in South Africa, Vodacom introduced prime time to Android and Web users. This allows customers to qualify for two hours of free content, including free data for streaming on Video Play. My Muze, our music service in South Africa, provides streaming and download access to more than 30 million songs, and 1.9 million app downloads. Our new mobile gaming platform, PlayInc, provides unrestricted access to a wealth of mobile games. In the DRC, Gameloft, an online game store, offers subscription packages for our customers.

We placed a strong emphasis this year on providing access to consumer digital services in our international markets with various digital solutions. In Tanzania we drove digital penetration through Vlive and Video Play, and in Mozambique we introduced consumer digital services in video (VuClip), local music (Mozik) and sports (VLive Sports). In the DRC, the Vodacom Ligue1 App and social media platform enables fans to enjoy an uninterrupted football experience, in or out of the stadium, and has more than 50 000 active users.

We have been promoting the emergence of young music talent through our Vodacom Best of the Best brand activation programme in the DRC. In Lesotho, Video Play offers subscription video (SV) and television (TV), which includes locally developed content, on demand.



3.5 million Video Play purchases
1.9 million downloads on My Muze



Digital solutions to promote good health and well-being

Enhancing health facilities with the Stock Visibility Solution

The inaccessibility of medicines due to stock-outs is one of the biggest challenges for healthcare facilities. Stock Visibility Solution (SVS) is a mobile platform developed by Vodacom through Mezzanine in partnership with the National Department of Health in South Africa. SVS supports health facilities to migrate from an inefficient paper-based stock reporting process to digital data collection and real-time reporting. This reduces stock-outs and expands public access to essential medicines, including antiretroviral and tuberculosis drugs, and vaccines. Since its launch in 2014, SVS is used in over 4 000 health facilities in South Africa, Zambia and Nigeria.

CASE STUDY

In August 2019, Vodacom became the first South African telco to make it to the Top 25 list of Fortune's 2019 Change the World, which showcases the top 52 global companies that have had a positive social or environmental impact through their business strategy. Vodacom was recognised by Fortune for the positive impact driven by the SVS solution.



More than
27 million
stock level reports have
been submitted on SVS.

Promoting vaccination in communities

Vodacom through Mezzanine developed mVacciNation, a digital health record solution that improves immunisation coverage rates amongst children. The solution enhances the registration of patient information, has an automated reminder system, and improves data management and efficiency. mVacciNation has increased coverage and clinical management for immunisation programmes in Nigeria, Mozambique and Tanzania. Through mVacciNation, more than 262 000 patient records have been created.



More than
566 000
immunisations
administered through mVacciNation

Pathology management solution (eLabs)

In 2017, Vodacom, through Mezzanine, introduced eLabs, a pathology management solution to provide visibility in the value chain for testing, analysing and reporting in the pathology laboratory. The application tracks, traces, and sends blood test results electronically. Health workers can capture patients' details by filling in an electronic laboratory form. This solution has improved traditional testing services by removing the old paper-based system and monitoring the samples' location, which significantly decreases turnaround times. In Zambia, the turnaround time for viral load test results has reduced by 58% (from 31 to 13 days) as a result of eLabs. The pathology management solution has been implemented in 661 health facilities across eight provinces in Zambia and in 619 health facilities across four provinces in South Africa.



eLabs **reduced** sample
registration time from
**five minutes to
15-20 seconds.**

Digital solutions to promote good health and well-being continued

Community healthcare with AitaHealth

AitaHealth, a mobile and web-based solution built by Vodacom’s subsidiary Mezzanine, in partnership with the University of Pretoria enables community health workers in South Africa to collect household and individual-level information, and link this information to the broader health systems referral and management systems. AitaHealth empowers government to review quantitative data on community health status, solicit input from community stakeholders, select priority community health needs, and devise strategies to address the identified health priority needs. AitaHealth further assists the National Department of Health to focus on illness prevention and social determinants to foster community wellness and provide medical services that are better tailored to the needs of communities. During the year, the National Department of Health and Vodacom extended access to the application to over 7 000 community health workers in the North West province. To date, AitaHealth is used by more than 9 000 community health workers in South Africa. Over 250 000 households and 740 000 individuals have been registered and screened on the platform.



More than **1.5 million** individuals registered and assessed for health risks on AitaHealth in South Africa.



Digital solutions in agriculture

Digitising the agriculture sector enables farmers to enhance their business and profitability. Vodacom, through Mezzanine, prioritises small-scale farmers, particularly those who require access to markets but have low productivity. Connected Farmer supports agribusiness enterprises to effectively communicate with farmers. Through this platform, enterprises can order merchandise, thereby improving agricultural productivity, addressing food security, and enhancing job creation in the agriculture sector.

The application is currently used by various agribusinesses in South Africa, with more than 1 644 registered users. In the DRC, the Connected Farmer application is known as AgroMwinda, and has M-Pesa capability, which makes payments easier and more convenient. In the DRC, Vodacom has trained 100 female farmers as agents of change in ICT skills and use of the platform. This programme has led to the registration of 7 000 farmers, transporters and entrepreneurs on the AgroMwinda platform.



More than **47 500 female farmers** use Connected Farmer in the DRC.

Vodacom introduced MyFarmWeb, a digital solution that collates and merges agricultural data sets through technology to provide useful digitised insights and support farmers in their business. Geographical Information Systems (GIS) enables technicians to capture, store and analyse information to promote precision farming, thereby turning farming investments of time, inputs and labour into profits.

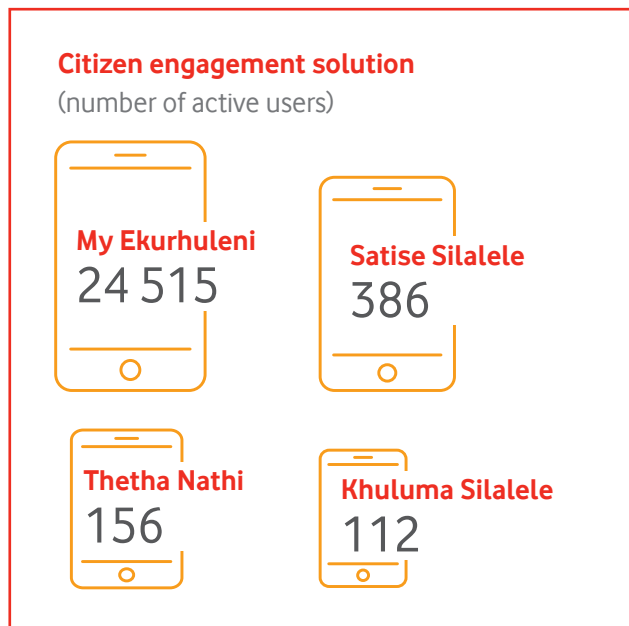


3 600 farmers use MyFarmWeb with 950 000 hectares of commercial farming mapped in South Africa.

Digital solutions to enhance efficiency in government and enterprises

Citizen engagement in government

Vodacom supports the South African government in its efforts to efficiently manage service delivery and enhance active communication between the government and its citizens by leveraging digital technologies. The citizen engagement digital platform alternatively known as Thetha Nathi/My Ekurhuleni/Khuluma Silalele/Satise Silalele, depending on the region, loosely translates as 'talk to us', facilitates engagement between citizens and the municipality. This platform empowers citizens to report service delivery issues, request municipal services and track progress through data analytics. Citizens can report issues related to road accidents, burst water pipes, incorrect bills, crime and faulty traffic lights.



Mpilo application

As part of the citizen engagement platform, Vodacom in partnership with the Gauteng Department of Health introduced the Mpilo application which is a Patient Engagement Platform (PEP). The PEP facilitates easy and efficient communication between patients, doctors and the Department of Health in South Africa. The application has improved coordination in tracking issues logged by patients and hospital staff.

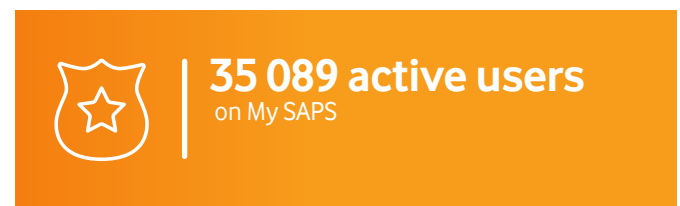


More than
33 578
active users on the Mpilo App



My SAPS drives safety and security in communities

To drive access to digital solutions in communities, Vodacom partnered with the South African Police Service (SAPS) to develop the My SAPS application. My SAPS aims to extend the reach of national police efforts in communities. This free app supports citizens to access police information and report criminal activities in a safe and convenient manner.



Digital solutions to enhance efficiency in government and enterprises continued

Accident and Incident Management application

South Africa records an exceptionally high number of road accidents – especially in KwaZulu-Natal province. The absence of real-time information to allocate traffic officers in high-risk areas, as well as limited resources, heighten the risks. To address this challenge, Vodacom developed the Accident and Incident Management application which enables communities in the area to directly liaise with the Provincial Department of Transport on issues related to the transport value system. The solution supports citizens to effectively report traffic-related incidents such as motor vehicle accidents, road obstructions, spillage of hazardous goods and dangerous and erratic driving.



SmartGov automates government administrative services

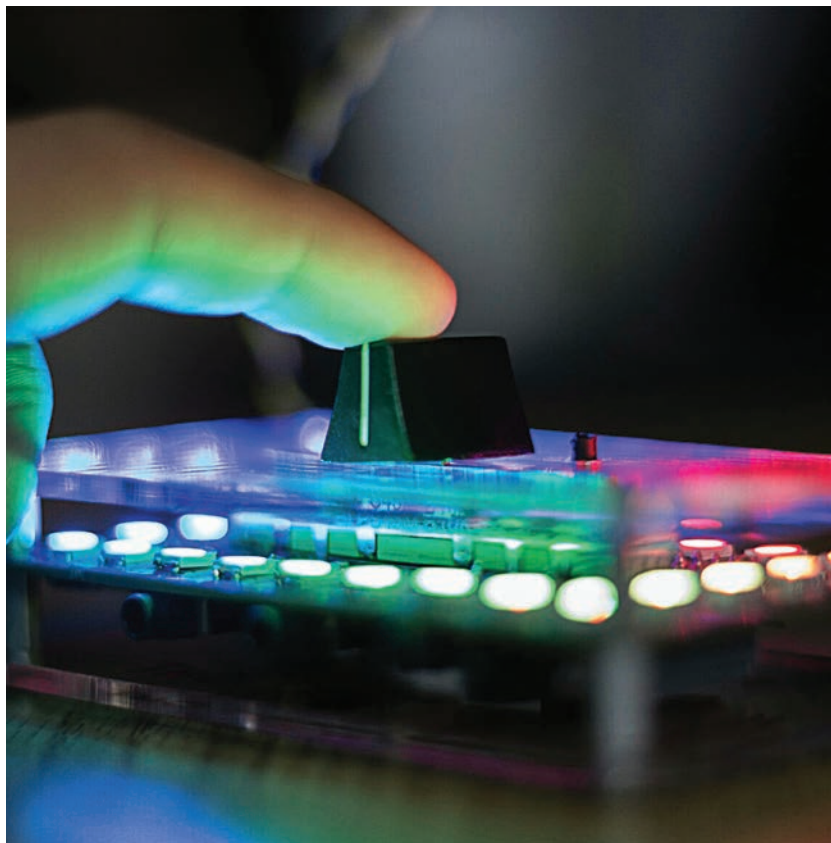
In South Africa, Vodacom introduced SmartGov in 2010 to support government in managing its administrative requirements. The solution supports government departments to respond to parliamentary questions efficiently, and meet compliance obligations timeously, while improving the accountability and execution of the director-general's tasks. SmartGov has enabled government to enforce compliance, achieve clean audits, improve performance and accountability, and promote a paperless environment. An enhanced version of SmartGov has automated human resource management activities, such as leave management, travel management, financial management, and performance management.

Beneficiary management – digital identity

To effectively plan responsive and accountable service delivery, programme managers require information about the beneficiaries they support. Traditional paper-based systems are inefficient and risky when managing sensitive information. A digital profile assists citizens and beneficiaries to access social services more efficiently. Vodacom, through Mezzanine, partnered with AfriCONNECT, (funded by the World Food Programme and United Nations International Children's Emergency Fund) to develop and implement a mobile tool that has enabled the Zambian Social Welfare Programme to register and assess more than 700 000 households and 2.2 million individuals in Zambia.

Smart metering solution drives resource efficiency

In South Africa, Vodacom installed smart meters for both water and electricity to improve revenue collection and efficient credit management through remote credit control and smart prepayment functionality. Smart metering supports municipalities, and public and private entities to automate meter reading, perform billing integration, and provide user profiles through a cloud-based web platform. Additional benefits linked to this solution include reduced carbon emissions, prevention of revenue losses and improved energy theft reporting. Vodacom also appoints and trains FET college graduates to work as installers and auditors of the smart metering solution. This ensures that local-based skills are developed beyond the installation stage, creating sustainable jobs in the respective communities.



More than
54 900 active
water and electricity
smart meters

Internet of Things: smart asset management

The management of assets has become a concern for municipalities, and public and private enterprises, as their assets sometimes depreciate before the end of their expected life span. In some instances, assets become overloaded and non-operational due to a lack of regular maintenance. These deficiencies can result in non-compliance with South Africa's Municipal Financial Management Act and negative findings from the Auditor-General. Vodacom, through Mezzanine and EMS Advisory, developed the Smart Asset Management Solution (SAMS) which empowers customers to manage their assets more efficiently while complying with regulations. SAMS includes asset on-boarding, verification, valuation and compilation of the asset register, as well as asset management software. The solution is based on Vodacom's IoT platform and includes decision support services such as the installation of sensors, connectivity, data analytics and notification services.



Integrated fleet management

In South Africa, Vodacom implemented an integrated fleet management solution that monitors vehicles, driver behaviours and driver identification, and also tracks any stolen vehicles through our IoT capability. This solution has improved safety in buses by increasing visibility, control and security of the fleet; as well as improving vehicle efficiency. Our fleet management solution has expanded to our international markets with Mozambique introducing a fleet management system, which provides real-time information to drive efficient and effective fleet management. In the DRC, we introduced a car tracking device that facilitates optimal management of vehicles.

Acquisition of IoT.nxt

Our IoT solutions performed exceptionally well this year, underpinned by growth in solutions offerings and in machine-to-machine and global data service platform connections. The successful integration of the IoT.nxt acquisition, and a consolidated IoT landscape, extended our industry-specific use-case capability, with specific sector expertise emerging in the mining, fast-moving consumer goods, logistics, health, e-learning and agriculture sectors. This was further boosted by our exported IoT solutions to Europe and the USA, with further opportunities explored in Singapore, China and Africa.



Vodacom is monitoring and optimising more than **1 097 000 assets** across three municipalities in South Africa.



Digital solutions to enhance efficiency in government and enterprises continued



Internet in the car solution

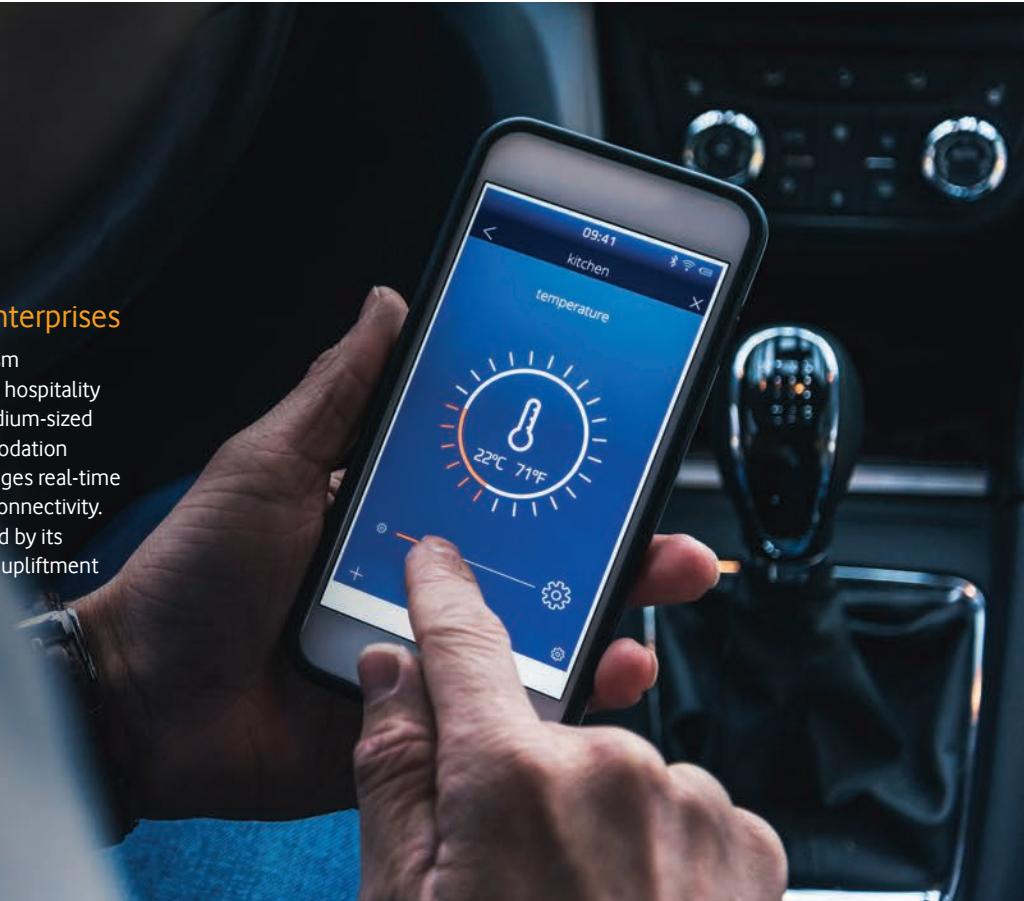
In South Africa, our 'internet in the car' solution enables a vehicle to be connected to the internet through a mobile data stream. Common features in connected cars include vehicle telematics and infotainment systems, which transform cars into 'smartphones on wheels'. Connectivity features can send real-time alerts to the service centre about the car's condition and enable e-call type features for roadside assistance, as well as monitor driver behaviour to promote vehicle efficiencies and reduce carbon emissions.



56 380
auto connections
fitted in South Africa

Digital solutions empowering enterprises

To support enterprises operating in the tourism sector in South Africa, Vodacom introduced a hospitality solution, NightsBridge, aimed at small to medium-sized guesthouses and bed and breakfast accommodation services. The front desk digital solution manages real-time bookings and provides guests with internet connectivity. Our interest in the tourism sector is motivated by its immense value in promoting socioeconomic upliftment as it creates jobs and promotes tourism.





Financial inclusion

One of our strategic pillars is financial services, with the objective of promoting financial inclusion and empowering the lives of our customers through innovative financial services offerings. One of the highlights this year is the growth in our financial services business. This includes our operations in South Africa and the M-Pesa business in our international markets and Safaricom. Our total number of financial services customers increased by 12.8%, to 53.2 million, adding six million customers in the year.

M-Pesa overview

Over the last decade, mobile money has been disrupting traditional financial services and transforming the lives of hundreds of millions of people across the world. Vodacom's M-Pesa financial services offering is considered a tool for socioeconomic growth and is becoming a gateway to the digital economy. As communities become increasingly dependent on digital technology, the power of M-Pesa to harness digital finance for sustainable development is increasing. Since launching in 2007, M-Pesa has grown to have the largest reach of any financial services provider in Africa.

M-Pesa continues to deliver on its promise of delivering financial inclusion, while also positively contributing to economic growth in markets where it is ubiquitous. Having expanded the M-Pesa ecosystem, customers in our international markets, including Safaricom, now process more than US\$14.7 billion a month in transactions through the platform, equating to R2.6 trillion annually. This makes M-Pesa the biggest financial services platform in Africa. In promoting financial inclusion, M-Pesa has grown to provide the broadest reach of any financial services provider on the African continent, with 39.6 million active customers, including Safaricom, up 9.7% year-on-year. Many of which are customers in remote rural areas.

Underpinning the growth are new-nano lending platforms in Kenya and Tanzania. The overdraft functionality is used by 17 million customers to access basic needs such as food and electricity. There are 12 million customers making use of Fuliza, the overdraft facility in Kenya. In Tanzania, we have seen good traction in our recently launched overdraft solution, known as Songesha, with 5.3 million customers utilising the service, up 178% from October 2019. These overdraft products enable customers to take a loan on failed transactions when they attempt to purchase goods and do not have sufficient funds.

We continue to expand the M-Pesa ecosystem in all our markets by extending M-Pesa beyond person-to-person money transfers to include enterprise, financial services and mobile commerce. Currently, more than 900 enterprise organisations use M-Pesa to collect and disburse payments, and over 170 000 retail and online merchants now accept M-Pesa, including Safaricom.

In the DRC, we introduced the Lona o defat, a micro-loan and savings solution developed in partnership with FINCA, a micro-credit organisation. The service provides customers with the opportunity to save and earn interest on M-Pesa and to get micro-credit repayable weekly or monthly, based on a credit score using customers' mobile money and GSM transactions. In Lesotho, we launched a savings group initiative, Mokhatlo, enabling customers to create savings groups to save their money collectively on M-Pesa. Through Mokhatlo, customers can contribute to the group, view the balance of group members and check the group balance, allowing for easier and more transparent access.

In the DRC, Vodacom introduced the tax collection app that enables taxpayers to pay their taxes in a safe, secure and confidential manner through M-Pesa using the USSD *1222#. To ensure that all our customers are included in the financial solution, M-Pesa is now accepted by 80 banks across our markets, including Safaricom.

We have identified substantial opportunities for M-Pesa to further drive financial inclusion in our international markets, building on our leading market presence and platforms, and harnessing the opportunities associated with emerging disruptive technologies such as machine learning, artificial intelligence (AI) and blockchain settlement solutions.



The growth of M-Pesa in Mozambique

In Mozambique, M-Pesa is driving financial inclusion and transforming lives by providing access to money transfers, payments, inbound international remittances and mobile savings. Since its launch in 2013, M-Pesa has significantly grown to become the largest mobile financial service in Mozambique with more than 4.3 million active customers. M-Pesa has extended beyond basic financial transactions and now offers a savings product with bank interoperability functionality at approximately 13 000 bank payment terminals countrywide. Vodacom introduced bank interoperability with Standard Bank, Millennium BIM and BCI. This effectively means that M-Pesa customers are now connected to over 80% of Mozambique's traditional financial services users.

During the year, we launched the M-Pesa Xitique, a standalone group savings solutions that promote community savings in a safe and convenient manner through the mobile phone.

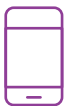


M-Pesa financial education initiatives impact the lives of **1 230 000** customers annually.

Financial inclusion continued

Joint venture with Safaricom on M-Pesa

During the year Vodacom and Safaricom completed the acquisition of the M-Pesa brand, product development and support services from Vodafone Group through a newly created joint venture. The transaction will accelerate M-Pesa's growth in Africa by giving both Vodacom and Safaricom full control of the M-Pesa brand and platform, as well as the opportunity to expand M-Pesa into new African markets. The joint venture will allow Vodacom and Safaricom to drive the next generation of M-Pesa – an intelligent, cloud-based platform for the digital age. It will also help us to promote greater financial inclusion and bridge the digital divide within the communities in which we operate.



24.9 million

M-Pesa customers at Safaricom

Over

150 000 merchants

now use M-Pesa at Safaricom

CASE STUDY

Delivering financial inclusion in Tanzania through M-Pesa

Our vision is to take Tanzania into the digital age, with M-Pesa transforming the country to an economic state and cash transactions gradually declining, and paving the way for digital and mobile payments. Tanzania has a predominantly rural population, which makes access to financial services a challenge and digital solutions ideal. Mobile money agents have played a fundamental role in strengthening the banking industry by helping to extend its reach to the unbanked population. Over the last decade M-Pesa continues to be a remarkable success story, delivering significant social and financial value, and further deepening the relationship we have with our customers.

Vodacom Tanzania is moving away from the prevailing perception that M-Pesa is simply a tool to send and receive money. It is becoming a preferred financial services platform, providing products and services that address the needs of the average Tanzanian, including women and those living under the poverty line. Our partnerships with commercial banks in Tanzania have resulted in much needed product ranges that address key financial needs. The NCBA Bank Tanzania Limited and Vodacom's M-Pawa is providing loans and saving services to small entrepreneurs. Songesha, a partnership between Vodacom and TPB Bank Plc provides overdraft services. Our Sharia-compliant Halal-Pesa, in

partnership with Amana Bank, meets the needs of the Muslim community. In partnership with TPB Bank Plc, we launched M-Koba to provide digital financial solutions to individuals engaged in savings through formal village community banking and informal savings groups.



6.7 million

M-Pesa customers (43.1% of customers using M-Pesa)

5.3 million

M-Pesa customers using Songesha

Vodacom Financial Services

The increase in mobile phone usage and enhanced internet access has been invaluable in increasing access to low-cost financial services such as payments, savings, transfers and insurance. People are increasingly living in a digital and mobile world and expect to pay for their daily needs using secure and convenient methods. Vodacom Financial Services has increased financial inclusion in our communities and is looking to build on existing solutions in insurance, payments and lending by expanding into savings and investment, with a specific focus on driving improved financial inclusion and meeting the needs of SMEs.



Payments

Vodacom introduced VodaPay, which enables customers to load any bank card into a secure digital wallet downloaded as an app on their smartphone. Once loaded, these cards enable the customer to transact instantly without the hassle of entering banking details for every transaction. More than 285 000 customers are using VodaPay digital wallet and express recharge platforms for direct recharges. During the year, our VodaPay platform had 102 000 unique downloads, enabling our customers to pay for electricity, retail, healthcare and municipal services. Additionally, Vodacom introduced point-of-sale (POS) devices and a digital wallet that is geared towards providing both consumers and enterprises with the ability to transact in a frictionless and cost-efficient manner. Since its launch in November 2019, 290 POS devices were processing R10 million on a monthly basis for 107 merchants. These payment solutions provide an alternative for customers who often find traditional banking solutions unaffordable and inaccessible, while also eliminating the risk associated with operating in a purely cash-based environment.

Lending solution

Our popular lending solution, Airtime Advance, enables customers to get airtime and pay for it in their next airtime recharge. We expanded the Airtime Advance solution to include channels such as tailored bundles through Just 4 U, Facebook upsell and real-time notifications when the customer has a low airtime balance.



This year, we advanced

R9.9 billion

in airtime on our Airtime Advance platform to **9.9 million customers.**

In the interest of stimulating economic growth, Vodacom introduced an SME financing solution, Vodalend Business Advance, which provides SMEs with quick and easy access to business funding. This digital solution will ensure that SMEs have access to funding needed for business growth. Providing access to SME funding benefits the business owner and also creates job opportunities and contributes to the economy. In addition to short-term finance, qualifying SMEs also receive business legal assistance, at no further cost.

Insurance

Our insurance portfolios cover life, funeral, device and various short-term insurance offerings. In South Africa, Vodacom implemented various innovative insurance solutions that focus on improving access to insurance and addressing insurance needs. We continue to expand our portfolio with new innovative products in this space.



1.9 million

policy holders, up 45.3%



Vodacom believes that the opportunities and promise of a better digital future should be accessible to all. We are committed to ensuring that the most vulnerable are not left behind on the journey towards that future. Through our technology, we will work to bridge the divides that exist and help people to contribute equally and fully to society.

Inclusion for all



Connecting over six million lives through our education programmes by 2025 in South Africa.



Connecting over nine million lives through our youth and women empowerment programmes by 2025 in South Africa.



Connecting over four million lives through our disability programmes by 2025 in South Africa.



Democratising education



Digitising education through e-School

In South Africa, the Vodacom e-School solution enables learners to access curriculum-aligned content and educators' learning materials on their smart devices or personal computers at no cost. The platform provides educational content to learners from Grade R to Grade 12 for all school subjects. To facilitate learning from home during the COVID-19 lockdown, Vodacom increased communication and awareness to encourage learners to use e-School. In March 2020, there were over 100 000 new registrations, compared to 25 000 in February 2020, showing a 300% increase in the number of new registrations on the platform. The e-School platform promotes interactive learning for learners and educators at a time when circumstances do not allow learners to physically attend school. To further enhance online learning, Vodacom introduced online tutoring capability on the e-School platform.

Vodacom e-School platform is accessed by **989 594** users in South Africa.

Virtual Classroom

Vodacom introduced Virtual Classroom, a digital solution to enhance virtual teaching and learning. The platform enables remote communication, collaboration, resource sharing and discussion of presentations by groups from any device. Since inception, Virtual Classroom has been introduced in more than 300 schools across two provinces in South Africa. We believe that online learning has the potential to make education more accessible to everyone, including those who live in rural communities.

School Management Platform

Our School Management Platform helps schools to monitor, manage and report school activities. This online solution facilitates electronic incident reporting and access to key information such as textbook availability, school needs assessments, school feeding schemes, enrolment as well as attendance, for schools and management structures. The solution has been introduced in 11 800 schools in Nigeria and South Africa.



More than **7 million**

learner attendances captured on the School Management Platform



Democratising education continued



Vodacom Education Ecosystem in South Africa

During the year, the Vodacom Foundation launched its education ecosystem. To make a significant contribution to digital literacy and digital education, digital skills training has to be a priority throughout a young person’s life. Vodacom is nurturing digital literacy in communities by providing digital skills training in schools for both learners and educators, as well as to young people and community members. The education ecosystem supports digital literacy, training and infrastructure through six pillars.

The six pillars of the education ecosystem:

Pillar 1

Early Childhood Development (ECD) centres

To make a difference in the early stages of children’s lives, the Vodacom Foundation committed to upgrade and renovate 15 Early Childhood Development centres. To date, 11 ECD centres have been upgraded and renovated. These centres have been upgraded with ICT equipment and mobile libraries, as well as improved sanitation facilities. At some of the ECD centres, we have installed boreholes to ensure sustainable water supply. This programme has improved the lives of more than 700 learners.

CASE STUDY

Divhani community crèche

An example of Vodacom’s ECD centre upgrade and renovation initiative is the Divhani community crèche in Vhembe district, Limpopo, which provides day care to more than 40 children. The centre was in a dismal condition, with inadequate and hazardous infrastructure. The ceilings and pit latrines were in a state of disrepair which posed health and safety risks. The Vodacom Foundation has subsequently upgraded the crèche, replaced pit latrines with appropriate sanitation and installed a borehole to ensure sustainable water supply.

Pillar 2

Infrastructure and ICT

At the centre of our education ecosystem are the schools of excellence. These schools of excellence demonstrate leadership by promoting academic excellence and enabling quality education, particularly in previously disadvantaged communities. The Vodacom Foundation provided connectivity, infrastructure, computer centres and security at each of the 12 schools of excellence. During the year, the Vodacom Foundation partnered with the Department of Basic Education, the Nelson Mandela Foundation, UN Women and Global Citizen to launch a new education ecosystem at the Divhani community crèche and Frank Ravele Secondary School in Vhembe district, Limpopo.



Vodacom provides access to zero-rated educational content in more than **3 000 schools.**

CASE STUDY

Frank Ravele Secondary School

Frank Ravele Secondary School in Divhani, Limpopo, has 410 learners. As part of the education ecosystem approach, the Vodacom Foundation fully equipped the school with a connected computer centre and appointed a youth academy graduate as an ICT coordinator. The Vodacom Foundation provided ICT training to educators, learners and parents in the community. Vodacom further upgraded the school infrastructure by replacing broken windows and doors, fixing collapsing ceilings and replacing pit latrines with proper sanitation.

Pillar 3

Teachers

The Vodacom Foundation collaborated with the Department of Basic Education (DBE), Microsoft and other partners to train teachers on how to integrate ICT into the classroom. To date, 92 teacher centres have been furnished, maintained, and provided with unlimited internet connectivity.



The Vodacom Foundation spent over **R8.6 million** on providing free connectivity to 92 teacher centres.

Pillar 4
Communities

To ensure that communities also benefit from the education ecosystem, the teacher training centres serve as technology hubs for communities. More than 1 000 female farmers have been trained in digital skills at these centres. Additionally, through the Vodacom Youth Academy, the Vodacom Foundation trained 1 333 Youth Academy graduates in Cisco and Microsoft accredited programmes since its inception in 2013, including 171 during the year. To enhance the programme, Vodacom partnered with Google to provide training in coding skills and cyberbullying. This year, the Vodacom Foundation partnered with the Innovator Trust to train 32 Youth Academy graduates in entrepreneurial skills. Following the training, 30 unemployed young people were recruited from the Youth Academy alumni and deployed at the schools of excellence, NPOs, and teacher centres. Furthermore, five graduates were employed by a Vodacom franchisee in KwaZulu-Natal.



Vodacom spent more than **R6.7 million** on Youth Academy training.

Vodacom provides free access to university portals to **19** public universities in South Africa.

CASE STUDY

Meet Refentse Phiri

I have been a student at Vodacom Free State Centre for seven months and from what I have experienced, I can tell you it is a great school and learnership. The teachers are very reasonable and fair, and committed to their work and imparting their knowledge to the students. I can see that this programme presents a lot of opportunities for us young people and will also help us to gain experience. With the knowledge I've obtained from this course I see myself programming software apps and working in the software development industry in five years' time.



CASE STUDY

Meet Billy and Ben Magagula

Our names are Billy and Ben and we joined the Sunnyside Vodacom ICT centre in 2019. In this programme we have gained knowledge on practical ICT skills such as how to use a packet tracer. What we love about the programme is that it is practical, with a lot of hands-on activities instead of theoretical concepts. The programme has helped us to be more passionate about ICT and has also helped us to be employable. This Vodacom Foundation programme has made us more confident in ICT resources and life in general.



Pillar 5
Partnerships

The Vodacom Foundation is funding 12 NPOs, and has done so for many years. Through this partnership, the foundation improves the lives of about 350 000 people annually.

CASE STUDY

Vodacom hosts and supports matric top achiever event

Vodacom partnered with the DBE in announcing the 2019 matric exam results. Vodacom hosted and supported the live National Senior Certificate announcement, as well as the top achievers' ministerial breakfast at Vodacom World. The attendees included the basic education minister, deputy minister and officials, top Grade 12 achievers and their parents, members of the media and Vodacom employees. Vodacom donated prizes such as laptops, smart devices, data and airtime to the top achievers.



Pillar 6
Learning materials

Recognising the key role of learning materials for both learners and teachers, the Vodacom Foundation partnered with the Department of Basic Education to provide free and unlimited internet access to quality digital curriculum and assessment policy statements (CAPS) aligned content through e-School.

Democratising education continued

Social initiatives focused on democratising education in our international markets

Access to education through Instant School

The Vodacom Instant School portal provides free access to online learning materials to learners in Tanzania, Mozambique and the DRC. The portal integrates curriculum-aligned learning material, particularly for STEM subjects, in various formats including video. In Tanzania, the Instant School platform has reached more than 66 300 learners and teachers. Through the education programme, we have provided computers with connectivity to more than 24 schools in Tanzania. In Mozambique, over 40 000 learners have access to Instant School.

Refurbishing infrastructure in school

During the year, the Vodacom Foundation in the DRC donated 150 school benches and customised facilities for learners that do not grow taller than 150cm on average. The main objective of this programme is to promote access to quality education in Nioki, in the Bandundu province, and fight against any discrimination aimed at this vulnerable group. To date, 450 learners have benefitted from this programme. The Vodacom Foundation also donated school supplies and bags to 300 learners who had lost their belongings during a fire that broke out in South Kivu in the DRC. In Tanzania, the Vodacom Foundation partnered with Samsung to improve digital literacy in schools by providing ICT equipment, benefitting 6 000 learners. In Mozambique, the Vodacom Foundation partnered with the Ministry of Education to provide 12 libraries, 240 computers and 6 400 books in eight provinces.



CASE STUDY

Vodacom Instant School in the DRC

Although the education sector in the DRC has improved in recent years, it continues to experience challenges, including a high level of dropouts, lack of connectivity, insufficient infrastructure and high education costs. In response to these challenges, the Vodacom Foundation partnered with the Ministry of Education to introduce the Vodacom Instant School, which has connected more than 30 000 learners and educators. The Vodacom Instant School provide free access to learning materials and quality learning for primary and secondary school children, aligned to the DRC's national education programme, including preparation resources for the national state exam (Exetat). To further expand our education programme in the DRC, we have launched Bouse Exetat, a scholarship programme aimed at covering tuition fees for high school graduates. During the year, over 50 high school graduates were awarded this scholarship.

Enabling internet access and connectivity in schools

In Mozambique, where approximately 39% of the population is still illiterate, the Vodacom Foundation implemented a digital literacy and connectivity programme through Vodacom Faz Crescer. The Vodacom Foundation trained up to 150 000 learners and members of the community, connected 50 schools to the internet and provided 2 500 GB of free data through the Vodacom Faz Crescer. In Lesotho, the Vodacom Foundation partnered with the Lesotho Communications Authority, to provide free internet connectivity to 95 schools located in the rural areas.



Empowering the youth

Digital platforms to empower the youth

Our Vodacom NXT LVL platform is focused on supporting and empowering South Africa's youth under the age of 25, through affordable devices and preferential rates on value bundles. The offers on the platform include 1GB of mobile data for R29, 1 GB of WhatsApp valid for 30 days and 1GB anytime mobile data valid for one day. This offer is exclusive to NXT LVL customers. Since its inception in 2016, NXT LVL has improved the lives of over three million registered customers who have provided their valid South African ID numbers. The platform also gives access to Future Jobs Finder (a zero-rated career guidance and training content portal), and reduced subscriptions to music and gaming services, and other lifestyle benefits. Future Jobs Finder empowers young job seekers to match their personality and aptitude to digital careers, upload their career profiles, access information on institutions that offer relevant digital skills training, and search and apply for jobs online at no cost. To enhance this platform, Vodacom visited 22 universities to promote digital and entrepreneurial skills through the #ConnectedYouthRoadshows campaign. The campaign enabled over 7 000 students to engage with experienced SMEs, pitching their business ideas and receiving guidance on business success. Similarly, Vodacom in Mozambique has a youth proposition called YA, which offers an affordable tariff plan and lifestyle services (music, social media, sports and fashion) to young people. The YA platform currently has 177 000 active users.



Preparing the youth for a digital future

Vodacom invests in digital skills training for teenage girls to help narrow the gender digital divide at an early age. Our Code like a Girl digital skills training programme aims to develop coding skills and valuable life skills for girls aged between 14 and 18 years, and encourages girls to consider the uptake of ICT and science, technology, engineering, mathematics (STEM) subjects.

Vodacom Kids Lab exposes young people to the language of computers and coding through holiday camps and birthday parties, while promoting computer science as a possible career path. During the year, Vodacom introduced coding skills to 97 learners from Grade R to Grade 9 in South Africa.



Through Code like a Girl

1 498 girls were trained in coding:

- 507 – South Africa
- 402 – Lesotho
- 383 – Tanzania
- 106 – the DRC
- 100 – Mozambique

Empowering the youth continued

Empowering young people through social investment activities

Youth development volunteering programme

The youth development volunteering programme gives Youth Academy graduates an opportunity to put into practice their newly acquired skills and gain valuable work experience. Since inception in 2019, 60 volunteers, including 30 from this year, have been placed in eight Vodacom-sponsored NPOs, 12 schools of excellence and nine teacher centres. This programme has directly impacted the lives of more than 12 600 beneficiaries.

CASE STUDY

African Children's Feeding Scheme

Vodacom Foundation has been supporting the African Children's Feeding Scheme (ACFS) for the past 19 years. Since its establishment in 1945, the Johannesburg-based NPO has been supporting the rights of every child to adequate nutrition. In 2018, Vodacom introduced ICTs skills to children who benefit from the ACFS, by establishing a fully functioning computer lab equipped with 20 laptops and two youth volunteers as ICT coordinators. Approximately 1 500 learners have benefited from this programme. This has transformed the ACFS from primarily being a feeding scheme to an ICT hub for learners in the surrounding communities. "This programme is assisting the ACFS to prepare our children for the Fourth Industrial Revolution by giving them the skills they need to compete in an ever-changing technological world," said Ms Bertha Mogage, ACFS Executive Director.

Supporting youth entrepreneurship

In the DRC, Vodacom partnered with Ingenious City Platform, the DRC's largest business incubator, to support young entrepreneurs with business opportunities. Vodacom provides the young entrepreneurs with office space, internet connectivity and access to Vodacom contractual opportunities. To date, 500 SMEs have registered to participate in the programme. Furthermore, Vodacom in the DRC sponsored the first digital forum organised by the Silikon Bantu, an association of young digital entrepreneurs.

Vodacom Rising Stars Youth Empowerment Programme

The Vodacom Rising Stars Youth Empowerment Programme continues to increase its reach into disadvantaged and underprivileged communities. During the year, Vodacom partnered with the Innovator Trust to empower 25 young people through this programme. The objective of the programme was to give graduates and students work experience, by temporarily assigning them to work at key stakeholder events hosted by Vodacom. The participants of the programme have also benefitted in other ways, such as accessing Vodacom bursaries, employment opportunities, youth development programmes and business opportunities.

Employee volunteering and giving

The active participation of employees in community upliftment initiatives boosts employee morale and helps to create a positive working environment. Vodacom gives employees two days' paid volunteering leave annually to connect and volunteer their time for the benefit of society. Vodacom also encourages employees to donate a percentage of their salaries to contribute towards a social cause.

CASE STUDY

Inspiring results with Vodacom's volunteering programme

Sindisiwe Mpanza is a Vodacom Youth Academy graduate who participated in the youth volunteering programme. She volunteered at Memeza, a Vodacom-supported NPO fighting GBV in Diepsloot, an informal settlement on the outskirts of Johannesburg. Sindisiwe played an invaluable role in the delivery of projects such as manufacturing community alarms and developing a standard operating procedure for a mobile application. "I've learnt how to activate, configure and test alarms. I've learnt how to programme and test a PC board. I've also improved my communication and interpersonal skills and I've learnt to organise my tasks and manage my time better. I feel more confident and ready for the world of work. My experience at Memeza prompted many feelings. I've been challenged, I've worked hard, but also had some fun," Sindisiwe said.





Empowering women and promoting diversity

Digital platform to advance the health and well-being of women

Vodacom strives to increase connectivity for women and uses mobile technologies to enhance the quality of women's lives through programmes that enable financial inclusion, improve health and well-being, and build education, skills and entrepreneurship. A leading example is the Mum & Baby service, a zero-rated mobile health (mHealth) service introduced in 2017. Mum & Baby provides subscribers with information relating to maternal, neonatal and child health, and well-being. To respond to the COVID-19 pandemic, Vodacom added COVID-19 related information for mothers and children on this platform. In Tanzania, Wazazi Nipendeni, a mobile health platform, disseminates relevant health information to pregnant women and women with children. It also provides other useful health information related to birth spacing, malaria prevention, HIV/AIDS, blood donation and nutrition for children under the age of five years.



Wazazi Nipendeni platform has **1.2 million subscribers in Tanzania.**

In Mozambique, Vodacom is in the process of developing the Mama, Bebe and Nutricao platforms (Mum, Baby and Nutrition), which is similar to Mum & Baby. This solution aims to share maternal health-related information with customers including vaccination alerts, health care and nutrition tips via text and web portal. This solution will be introduced in the next year and is expected to have 1.1 million subscribers by 2025.

CASE STUDY

Meet Isaac Molalo, a father who uses Mum & Baby

Isaac Molalo, a father of two boys and user of Mum & Baby, told Vodacom: "Some of the messages I received from Mum & Baby were exercising tips and healthy food information for my girlfriend, for example, the benefits of eating fruits and vegetables. The information from Mum & Baby changed our lives. Every parent should download this application."



Mum & Baby has **1.8 million users.**

Vodacom has connected **14.6 million** female customers (up 23% from 11.9 million customers in financial year 2016).



Empowering women and promoting diversity continued




Social investments to empower women

Interventions to prevent gender-based violence

Vodacom continues to drive the fight against GBV in our markets. In 2014, the Vodacom Foundation invested over R4 million on infrastructure and the operation of the national GBV Command Centre in South Africa. The centre is managed by trained government-employed social workers and supports survivors of GBV. In 2016, Vodacom introduced a Skype capability for people affected by GBV in the deaf community. To enhance this programme, the Vodacom Foundation has been empowering victims of GBV with digital literacy training for the past two years.

Since the beginning of the COVID-19 lockdown there has been a global increase in GBV. Vodacom has done extensive awareness raising on the gender-based violence command centre number. Since lockdown, the number of calls related to GBV at the centre have increased by 600% in South Africa.



Vodacom spent **R1.2 million** to train GBV survivors in digital skills in South Africa.

To intensify the fight against women and child abuse in Lesotho, Vodacom introduced the Nokaneng application, which provides a safe space for information, support and advice relating to GBV and human rights. To date, the application has more than 1 594 registered users.

Vodacom implemented a global policy to create a safe and healing environment for women and men who are faced with the struggles of a violent or an abusive home environment. The support provided by Vodacom includes 10 days of fully-paid leave and access to the employee assistance programme, which provides counselling and life management tools. Additionally, as part of the annual global 16 Days of Activism campaign in 2019, we held a GBV awareness walk, and facilitated panel discussions focusing on men and their role in preventing GBV in society.

Training female farmers in ICT skills

The Vodacom Foundation partnered with United Nations Women and South African Women in Farming to train more than 1 000 female farmers in ICT skills, with 750 farmers (2019: 450) trained during the year. The ICT skills training initiative aims to support food security, enhance productivity and increase profitability, job creation and active participation by women in the economy. To enhance the programme, the Vodacom Foundation has introduced the Connected Farmer App, which will help the farmers to access markets and improve profitability in their agribusiness. To date, 400 farmers have registered on the app.



Treating obstetric fistula

In Tanzania, the Vodacom Foundation provides treatment to women who develop obstetric fistula, an injury caused by difficult childbirth. Since inception, more than 4 000 medical operations have been performed. During the year, the Vodacom Foundation in the DRC partnered with Kikwit General Hospital to provide free surgery, hospitalisation and accommodation to 20 women suffering from obstetric fistula. Furthermore, Vodacom trained these women in business skills to help them reintegrate into the community post-surgery. The Vodacom Foundation in the DRC hosted a gala to raise more than R1 million to further support the reintegration of the women.

Empowering women with family planning information

In Tanzania, the Vodacom Foundation partnered with Population Service International to send sexual reproductive health information and services to women via text. To enhance this service, the Vodacom Foundation further introduced a mobile application that enables young women to access experts in family planning. More than 68 200 women accessed family planning information through this platform in Tanzania.

Emergency transport network

In Tanzania, the Vodacom Foundation uses a network of more than 150 taxi drivers who are paid through the M-Pesa platform to efficiently respond to emergency calls and transport women who require medical treatment to the nearest hospital. The programme was introduced in 2013 and over 30 000 women have received emergency transportation services. This has resulted in the reduction of maternal mortality by 27%. In Lesotho, the Vodacom Foundation plans to introduce a low-cost emergency transport solution (emTS) for pregnant women and new mothers.

Social investment initiatives: partnerships to empower women and children

Smile week

The Smile Foundation is a South African NGO that assists children with any type of facial abnormality to receive corrective reconstructive surgery in South Africa. The Vodacom Foundation has supported the Smile Foundation for 13 years, changing the lives of more than 3 500 children. During the year, the annual Smile Week took place at the Tygerberg Hospital and a medical team operated on 18 children.



Technology to eradicate malaria in Mozambique

In Mozambique, malaria is the number one cause of health problems, resulting in widespread socioeconomic challenges. The Vodacom Foundation partnered with Goodbye Malaria to provide malaria-spraying services to communities that are vulnerable to malaria infections. During the year, the project was expanded beyond the province of Maputo to Gaza and Inhambane. As a result, more than one million people benefitted from this project during the year. The Vodacom Foundation also provided 1 500 smartphones to the fieldworkers, and also recharges the devices with 120GB of data every month.





Vodacom believes that urgent and sustained action is required to address climate change and that business success should not come at a cost to the environment. Through our commitment to halve our environmental impact, we will help to ensure a sustainable future for all.

The urgency for collective action to steer the world towards a more sustainable path was emphasised by the World Economic Forum Global Risk Report 2020 highlighting environmental risks as the greatest challenge facing humanity today. The report highlighted the top five risks globally as climate action failure, extreme weather, biodiversity loss, human-caused environmental disasters and natural disasters.

Towards the end of the financial year, society experienced a global crisis on a scale not yet experienced in modern history. In less than six months the COVID-19 pandemic has brought the world to a halt and in these uncertain times, we have no doubt that the impacts of this virus will be felt for years to come. In the short term, it may appear that the environment has been given a chance to recover through less pollution from a decline in global trade and travel.

Planet



To reduce our GHG emissions by 50% in 2025



Energy and climate change

Energy policy

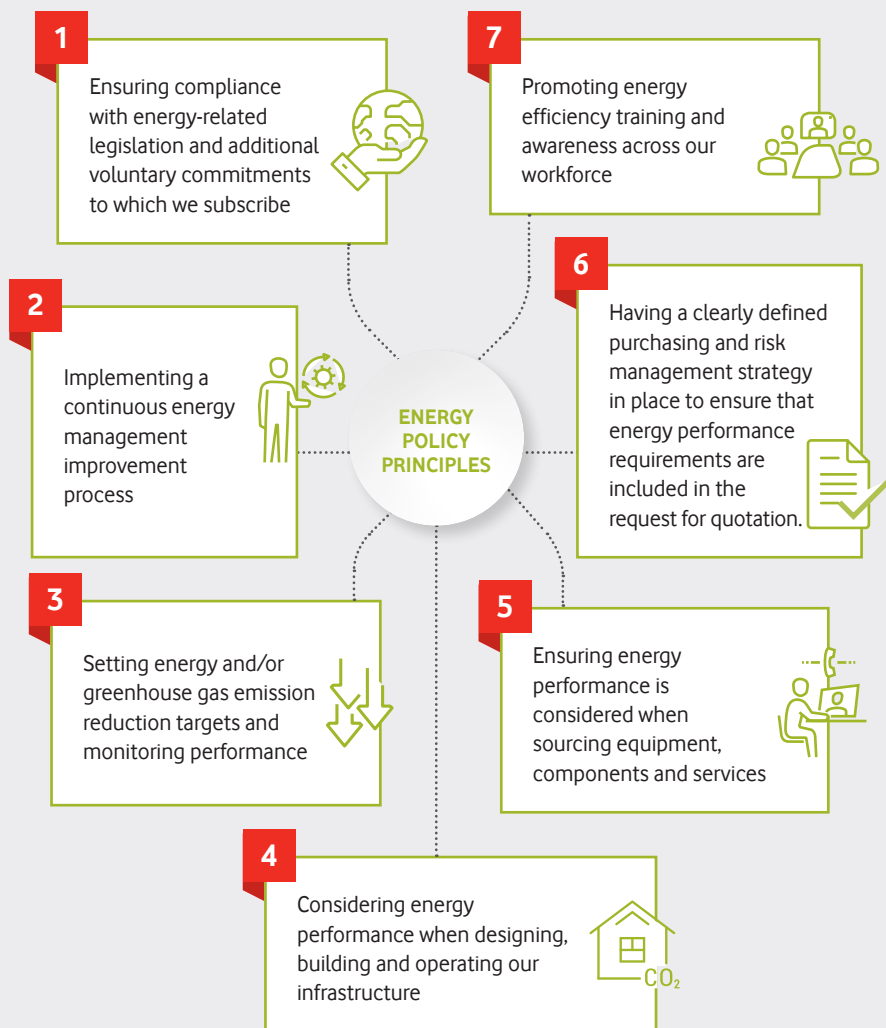
Vodacom's primary source of energy to power our operations is from the electricity grid. This is supplemented by electricity generated from solar panels, fuel cells, batteries and diesel generators. To reduce our reliance on the national grid, Vodacom continues to invest in securing alternative energy sources where feasible. To govern our energy management approach, Vodacom adopted an energy policy which aims to define the minimum requirements and controls to mitigate these risks.

Energy security

South Africa continues to face challenges in electricity security, which has affected our operations. Extended load-shedding by the capacity-constrained national electricity utility, Eskom, has adversely affected the availability and security of electricity supply to our operations, and increased our reliance on batteries and diesel generators for back-up power. The inconsistent supply of electricity coupled with battery theft has at times negatively impacted on business continuity, network reliability and overall customer experience. Vodacom has taken proactive measures to help manage the impacts caused by load-shedding, through deploying additional resources, batteries and generators at our network sites.

Impact of carbon tax

In February 2019, the Carbon Tax Bill was passed in alignment with South Africa's commitment to the Paris Agreement to reduce greenhouse gas emissions by 42% by 2025. The first phase of South Africa's carbon tax came into effect in June 2019 and will run until December 2022, after which it will be reviewed. The tax follows the polluter pays principle whereby companies that exceed stipulated threshold activities will be penalised R120 per tonne of carbon dioxide (CO₂) emitted. During the 2019 government budget speech, it was announced that the carbon tax would also be added to the fuel levy at 9 cents per litre on petrol, and 10 cents on diesel, and would come into effect on 5 June 2019 with the first payment on 1 July 2020. However, in April 2020 the President of South Africa announced that the first payment would be postponed to 31 October 2020. While Vodacom is not liable to pay carbon tax in Phase 1, our operating costs will increase because of increases in fuel prices and electricity tariffs.



Energy and climate change continued

Vodacom Group GHG emissions profile

Vodacom's principal source of carbon emissions is from electricity consumed for our operational activities. Vodacom in South Africa, as the largest operating market, remains the key contributor to Vodacom's carbon emissions. This is due to the energy consumed to power more than 14 000 base station sites in South Africa. Emissions from Vodacom's South African operations account for approximately 92% of Vodacom Group emissions. Vodacom's international markets in the DRC, Tanzania, Mozambique and Lesotho make up the remaining portion of the carbon emissions at approximately 8%, with over 8 000 base station sites cumulatively.

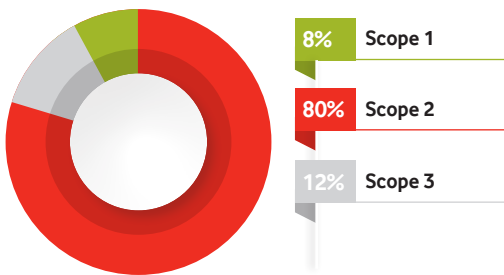
Vodacom Group GHG emissions profile				
	2020	2019	2018	2017
Direct greenhouse gas emissions (Scope 1 in mtCO ₂)*	54 070	48 774	45 652	44 203
Indirect greenhouse gas emissions (Scope 2 in mtCO ₂)**	556 822	516 600	508 755	555 010
Indirect greenhouse gas emissions (Scope 3 in mtCO ₂)***	86 086	74 306	74 051	84 226
Total greenhouse gas emissions	697 000	640 910	630 371	683 439
Access network electricity (GWh)	434	416	383	380
Core network electricity (GWh)	85	92	91	109
Data centre electricity (GWh)	50	57	60	38
Building electricity (GWh)	39	51	52	65
Fuel consumption (diesel and petrol) (million litres)	19	18	17	16
Network equipment and handsets recycled (tons)	977	580	426	104

* **Scope 1:** Emissions produced directly from sources that are owned or controlled by Vodacom, including diesel consumed in generators, fuel consumed by company vehicles and fugitive emissions from refrigerant gases used to cool company's facilities.

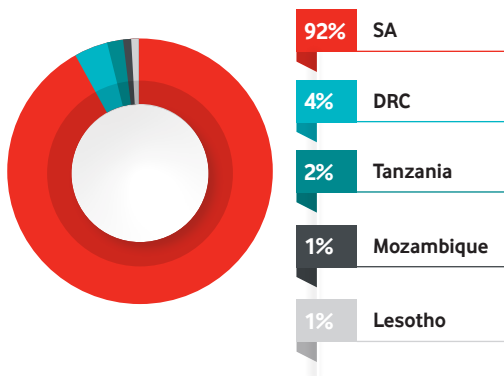
** **Scope 2:** Indirect emissions generated from the consumption of electricity purchased from the national grid or an independent power producer.

*** **Scope 3:** Indirect emissions generated from upstream and downstream activities of Vodacom's suppliers and service providers, including from business travel, courier services and paper consumption.

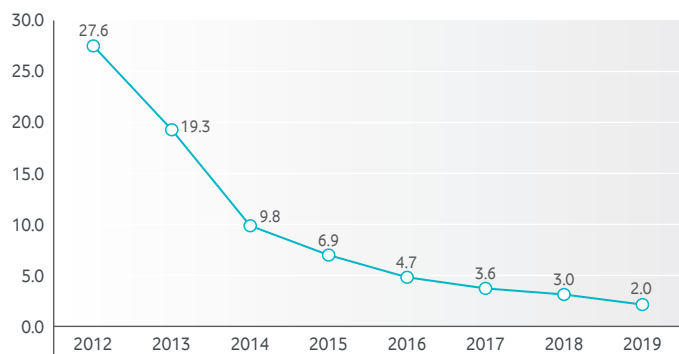
GHG emissions per scope (%)



OpcO contribution to Group carbon footprint



Vodacom South Africa emissions per terabyte of data traffic on our network (Emissions in mtCO₂)



The graph above illustrates Vodacom's carbon intensity when compared with the terabytes of data traffic on the network and shows the reduction in carbon emissions per terabyte of data on the network when compared to the growth in data traffic since 2012.

Energy and climate risks and opportunities

The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) is a market-driven initiative that provides a set of recommendations for voluntary and consistent climate-related financial risk disclosures. It is closely aligned with the investor-led Carbon Disclosure Project (CDP). As such, Vodacom reports its climate-related performance in accordance with the TCFD. Vodacom's Risk Committee oversees the identification, assessment and mitigation of principal risks facing the business in all our markets, including environmental risks. Each market is responsible for identifying its respective risks and implementing control and mitigation actions. Vodacom's climate change risks and opportunities are reviewed in our CDP report on <https://www.vodacom.com/pdf/additional-documents/environmental/programme-response-climate-change-2019.pdf>.

Quality assurance of environmental performance

This year, Vodacom conducted an external assurance on systems and processes of network and non-network operations contributing to Vodacom Group's energy and greenhouse gas profile across our South African operations. Selected indicators have been assured for our South African operations:

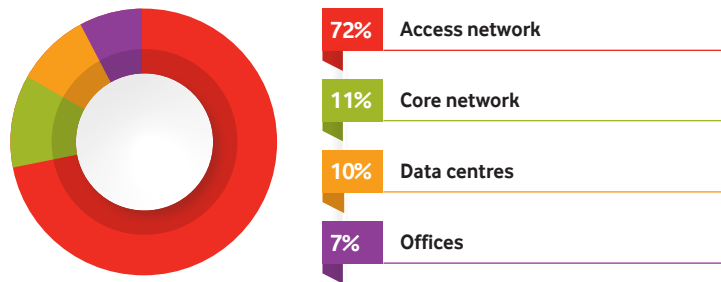
Vodacom Group carbon footprint 2020 (number in mtCO ₂)			
Description	SA	Inter-national	Vodacom Group
Scope 1			
Stationary fuel	10 821 [^]	34 520	45 341
Fugitive emissions	1 494	2 318	3 812
Mobile fuel	1 836 [^]	3 080	4 916
Total Scope 1	14 151	39 919	54 070
Scope 2			
Purchased electricity	546 795 [^]	10 027	556 822
Total Scope 1 and 2	560 946	49 968	610 914
Scope 3			
Total Scope 3	78 022	8 064	86 086
Total Scope 1, 2 and 3	638 968	58 032	697 000

[^] Indicates number assured by PwC.

The assurance was provided by the auditing firm PwC and the assurance statement is in Appendix B.

Infrastructure: Energy efficiency and renewable energy

Vodacom has invested substantially in energy efficiency and renewable energy projects over the years, with the key objectives of reducing operating costs, securing clean and reliable energy sources, building resilient and sustainable operations, and contributing towards a low carbon future. Vodacom's energy profile chart below illustrates the proportion of energy consumed by the various parts of the business:



In anticipation of the increasing demand for digital services that will increase our energy consumption, Vodacom is implementing an energy management strategy aimed at reducing our energy consumption and carbon emissions, by progressively decarbonising our energy mix through the following focus areas:

- ▷ Investing in energy efficiency projects including smart IoT capabilities
- ▷ Investing in renewable energy solutions to power our operations
- ▷ Entering into power purchase agreements through independent power producers











CASE STUDY

Raptor project

During the year, Vodacom implemented a project to deploy intelligent controls to more than 3 700 base stations in South Africa through a partnership with our subsidiary IoT.nxt. This IoT solution enables early detection of maintenance alarms, reduces the need for call-outs and reduces energy consumption by monitoring operating conditions in the base station cabinet and automatically switching off the air-conditioning when not needed. Vodacom plans to roll out this innovative solution to an additional 5 000 base station sites.

Energy and climate change continued

Energy efficiency and renewable energy in our infrastructure for the 2020 financial year			
Project	Amount invested in project	Electricity cost savings	GHG avoided in MtCO ₂ e
 Solar panels were installed on a base station controller (BSC) site in Randburg.	R500 000	R110 000	45
 Hybrid generators use renewable energy sources with diesel back-up and battery banks.	Part of an existing contract	R150 000	62
 Base stations previously running exclusively on diesel generators are now connected to the grid, saving on costs and carbon emissions.	R470 000	R2.1 million	519
 Energy saving features implemented on radio equipment with 13 943 sites in the network were activated.	Part of an existing contract	R5.5 million	3 029
 High-efficiency power conversion uninterrupted power supply (UPS) implemented at six core network facilities, replacing old and inefficient units.	R9.8 million	R610 000	455
 Adiabatic cooling panels were installed on air-conditioning chiller plants that pre-cool ambient air.	R2.6 million	R262 000	272
 Core network energy efficiency initiatives include heating, ventilation, air-conditioning (HVAC) system optimisation, humidity control set-point changes and lighting optimisation – only in MTA core in Midrand.	R9.6 million	Savings will be realised in financial year 2021	
 The Raptor system enables remote monitoring and management of BTS sites. Phase 1: Free-cooling and Raptor remote site controllers on 530 base station sites.	R126 million	R3.7 million	7 205

Key highlights **Target:** to halve our environmental impact by 2025 (using the 2017 baseline)



Total energy costs saved in the 2020 financial year:

R24.8 million

Cumulative GJ energy savings since financial year 2017:

144 234 GJ

Cumulative GHG avoided/reduced since financial year 2017:

42 248 MtCO₂e

GHG emission reductions

17 607 tCO₂e

(This is the additional GHGs that would have been emitted in the 2020 financial year, if we had not invested in energy efficiency initiatives).



Total electricity saved in the 2020 financial year:

16 372 MWh

Cumulative electricity savings since financial year 2017:

40 065 MWh

Over **950 solar-powered** sites across all our markets

Purchase Power Agreement (PPA) covers

36 base station

sites in South Africa.



Total diesel saved in the 2020 financial year:

216 kl

Cumulative diesel savings since financial year 2017:

12 517 kl

Buildings: Energy efficiency and renewable energy

Our property portfolio in South Africa has seen a consistent year-on-year decline in energy consumption over the past eight years. Vodacom has reduced an estimated total of 40 GWh in energy consumed by our buildings since 2012. This significant decline in energy consumption is based on four key areas:

- ▷ Building refurbishments;
- ▷ Property rationalisation and consolidation;
- ▷ Smart building technologies; and
- ▷ Renewable energy supply.

Vodacom has implemented the following energy efficiency initiatives to reduce carbon emissions from our buildings in South Africa.

- ▷ Installing LED lighting and lighting sensors to reduce over 71% of energy consumed by lighting in our buildings;
- ▷ Disconnecting hot water geysers for our taps in our buildings;
- ▷ Replacement of inefficient and ageing HVAC systems with modern and more energy-efficient equipment;
- ▷ The HVAC system is centrally controlled and monitored by a building management system; and
- ▷ Cooling requirements in buildings have been optimised which has resulted in energy savings of more than 5%.

Vodacom invested in renewable energy solutions to reduce our reliance on grid power and introduce clean energy sources into our energy mix. These include the following solar installations in our buildings:

- ▷ Six-star Green Star Innovation Centre constructed in South Africa in 2011;
- ▷ Rooftop solar array at our Century City offices in 2012;
- ▷ Solar rooftop constructed at the Vodacom Lesotho head office in 2017;
- ▷ Solar panels fitted onto our guest parking lot in Midrand during the year; and
- ▷ Solar-thermal air-conditioning implemented in South Africa during the year.



5.35 GWh

of electricity saved at our buildings in the 2020 financial year.

R8.8 million

reduction in our electricity cost in the 2020 financial year.

5 564 mtCO₂e

GHG emissions reduced in our buildings in the 2020 financial year.



CASE STUDY

Vodacom Century City office receives green rating from the GBCSA

Vodacom collaborated with WSP Africa to implement sustainable interventions at our Cape Town regional head office by targeting a Green Star Existing Building Performance rating through the Green Building Council of South Africa (GBCSA). The R16 million investment project in energy optimisation has yielded electricity savings of 20 GWh and reduced our carbon footprint by approximately 20 000 mtCO₂e. The office building underwent a significant refurbishment, which involved improvements in energy and water consumption, as well as indoor environmental quality. The building, which was constructed in the year 2000, has been refurbished and now applies green cleaning principles, indoor air quality management and follows a rigorous occupant feedback process.

Energy and climate change continued

Enabling our Vodacom Business customers to reduce their environmental impact

Our IoT solutions enable objects or devices such as cars, traffic or streetlights and buildings to send and receive real-time information through our network. This information enables our business customers to gain insight into how their resources are being utilised. This enables our customers to reduce costs, energy and fuel consumption, carbon emissions and improve efficiency in their assets and operations. Vodacom provides technology solutions for monitoring water and energy consumption, which prevents wastage from excessive or abnormal usage.

This year, Vodacom Business had the following IoT connections which enabled carbon savings:

- ▷ 3 000 commercial electricity smart meters.
- ▷ 7 250 residential electricity smart meters.
- ▷ 483 004 smart logistics and fleet management capabilities.

These IoT connections have enabled carbon savings of approximately 224 004 mtCO₂e during the year for our customers. Additionally, our diesel tank monitoring solution provides early warning of possible leaks, enabling enterprises to act timeously to limit loss and avoid the environmental impact of diesel leakages.



Waste and responsible consumption

Our waste management policy prioritises the reuse and recycling of redundant equipment. All our markets are required to keep records of their e-waste equipment and to use recycling suppliers that are regulated, licensed and approved by our supplier qualification processes.

Infrastructure: Reducing network waste

Vodacom has adopted the steps of the waste hierarchy in our decision-making and management of equipment from our network. Vodacom has been testing our redundant equipment to identify the feasibility of extending its useful life since 2016. This year, we have extended the useful life of network equipment by reintroducing more than 308 tons of network equipment into the network across the Vodacom Group in areas where the equipment is needed.

In instances where waste reuse options are exhausted, we apply the next phase of the waste hierarchy, which is to recycle all obsolete equipment. In South Africa, Vodacom appointed three SMEs to manage the recycling of electronic waste. At no point in the waste management process does any network waste end up at a landfill site.



977 tons of e-waste were recycled across our markets.

Obsolete batteries, classified as hazardous waste, follow a separate process. The batteries that cannot be rejuvenated or reused are sent to a licensed facility for incineration. During the year, 1 189 tons of batteries were discarded responsibly across the group. The large increase in batteries that were discarded when compared to the previous year, is due to the replacement of lead acid batteries with new lithium ion batteries, which are less harmful to the environment.



Over **367 tons** of batteries were rejuvenated and reintroduced into the network across our markets.

CASE STUDY

Device recycling for smartphone-only town

During the year, Vodacom enabled the first smartphone-only town, Wakkerstroom in Mpumalanga, by encouraging residents of the town to return their old 2G devices and receive discounts on smart devices that are 3G and 4G enabled. A total of 500 devices (57.5 kg) was collected and disposed of responsibly.



Customers: Reducing e-waste and general waste

Vodacom has implemented a number of initiatives to increase the useful life of devices. We are aware that in our markets there is a culture of handing down devices to friends and family. However, in recent times we have noticed a trend in customers migrating from feature phones to smart phones as a result of increased device penetration. Vodacom has therefore implemented various options to encourage customers to bring back their devices when it has reached its end of life. In South Africa, Vodacom has an advanced repair centre with an extensive repair network of 37 remote repair centres. Depending on the make, model and condition of a phone, the device may either be repaired, refurbished, resold or sent for recycling.

The repair centre has the capability to safely destroy obsolete devices through a shredding process prior, to passing the particle waste to an approved recycling agency that issues a safe destruction certificate. These recycling agencies are periodically audited by Vodacom's internal audit team to ensure that best practice is applied and that no electronic waste ends up in landfill.

The volumes of devices recycled and refurbished are dependent on the return of devices by customers through the trade-in and buy-back options. Our refurbished devices are repackaged into boxes that have the Good as New (GAN) display and sold as GAN with a 6 month warranty.

Furthermore, we no longer include the terms and conditions pages in the SIM card package we distribute across all the channels in South Africa, thereby avoiding the use of around 240 million paper pages each year.



Over
316 000
devices
were repaired.

Over
11 000
phones
were identified for
responsible recycling
in South Africa.



Buildings: Reducing general waste

In South Africa, Vodacom has initiated the phasing out of single-use plastics in our offices and we continue to engage with our suppliers to phase out single-use plastics in our catering facilities. During the year, Vodacom diverted 130 tons of waste from being sent to landfill by implementing a polystyrene baling operation at our head office in Midrand. To reduce organic waste, Vodacom uses Biobin to convert food waste from canteens into compost to fertilise our gardens. During the year, 36 tons of food waste was converted to compost in this way.



Vodacom went from
686 kg to 0 kg
of plastic cups used
in South Africa.

14 767 kg
of plastic reduced
in South Africa.

6 256 kg
paper and cardboard waste
reduced in South Africa.

130 853 kg
of general waste
recycled in South Africa.

80% reduction

in single-use plastic by 2025
(Baseline: 2017).

100% recycling

of paper waste in the office by 2025
(Baseline: 2017).

90% conversion

of food waste to compost by
2025 (Baseline: 2017).

To refurbish and recycle

200 000
devices

from our customers by 2025.



Water-wise products and practices

Buildings: Reducing water consumption

Vodacom is not an intensive consumer of water due to the nature of our business. However, we realise that water is a scarce resource and have therefore implemented various water-saving measures, which have significantly reduced water consumption in South Africa since 2015. These measures include waterless urinals, chemical flushing of toilets, waterless hand sanitising stations and aeration taps with reduced water flow in our offices.

Over **R5 million** invested in water-saving measures in South Africa.

75% reduction in water consumption by 2025 (Baseline: 2017)



Communities: Responding to water shortages

In South Africa, Vodacom implemented the following initiatives to provide access to water in communities:

- ▷ We provided Jojo tanks with drinkable water to 23 teacher centres, 50 schools and 12 schools of excellence in the North West, Northern Cape, and Free State.
- ▷ The Vodacom Foundation, through the Disaster Relief Fund, spent close to R7 million to drill boreholes and install and refill Jojo water tanks with drinkable water at 85 schools and teacher centres in the Eastern Cape, North West, Northern Cape, Free State and KwaZulu-Natal.
- ▷ Vodacom installed boreholes at three schools and one Early Childhood Development centre.
- ▷ Vodacom’s digital citizenship platform enables citizens to report water issues related to leakages from burst pipes.
- ▷ The Smart Asset Management Solution helps to promptly detect faults in water systems, enabling municipalities to respond to leakages timeously.





Environmental education and awareness



Continuous environmental awareness

Vodacom promotes sustainability knowledge and good practice across our markets and among our customers and communities. In Mozambique, Vodacom partnered with a local school to educate learners on the importance of responsible waste management. On 5 June 2019, World Environment Day, Vodacom hosted a waste management workshop at the school and provided waste separation bins. In Lesotho, Vodacom participated in the waste clean-up campaign at Maseru taxi rank as part of an annual market awareness campaign and volunteering activity.



To demonstrate our continued support of the South African government's Good Green Deeds campaign, Vodacom launched an environmental awareness week that coincided with the national Clean-up and Recycle SA Week. Vodacom partnered with the World Wide Fund for nature (WWF), Greenpeace, Food and Trees for Africa, Kaizer Chiefs, Orlando Pirates and Blue Bulls on the following initiatives.

- ▶ Handing out reusable hessian shopping bags to Vodacom employees to discourage them from buying plastic bags.
- ▶ Engaging employees in 'lunch and chat' sustainability sessions, to promote a culture of sustainable living both in the office and at home.
- ▶ Vodacom employees visited Reagile Primary School in Tembisa to plant 45 indigenous trees at the school, with each tree assigned to a grade for caretaking. Vodacom partnered with the WWF to provide lessons on environmental protection to 1 600 learners at the school.
- ▶ The awareness week concluded with activities to encourage Vodacom employees to protect the natural environment through a 'trash to toys' workshop and an 'ecobrick' activity.



Environmental management and compliance

In South Africa, the Vodacom Midrand Head Office received a recertification for the ISO 14001:2015 international standard with zero findings. Vodacom trained environmental ambassadors on the standard and plans to extend the reach of this training to all relevant employees and contractors. In addition to the external audit of Vodacom’s environmental management system, Vodacom’s risk and compliance team conducts an internal audit annually, to evaluate the following:

- ▷ Conformity with the ISO 14001:2015 requirements and Vodacom’s health and safety standards, as applicable to the HSE management system on the Midrand Campus

- ▷ HSE building legal compliance and legal documentation verification

- ▷ The identification and promotion of good business practices aligned to HSE management

Compliance with environmental legislation

Vodacom regularly monitors and reviews new and proposed environmental legislative and regulatory developments to assess the relevance and potential impact on our operations. Vodacom has a legal compliance register, managed by the legal compliance team, to ensure a proactive and responsive approach to new mandates and legislations.

During the year, there were no fines imposed by authorities for non-compliance with environmental regulations on any of our operations. An external environmental legal compliance audit was conducted to assess Vodacom’s compliance with all applicable laws, regulations, authorisations, permits and licences across all our markets. Additionally, the annual legal compliance audits were conducted to assess the level of compliance with diesel tank authorisations.

While measures are taken to prevent environmental incidents, Vodacom experienced 22 minor incidents during the year. These incidents were investigated and recommended preventative measures were prioritised and shared internally.



Mobile, masts and health

The health and safety of our people, customers and the wider public remain a priority for Vodacom. We always operate our mobile networks strictly within national regulations, which are typically based on, or go beyond, international guidelines set by the independent scientific body the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

There has been scientific research on mobile frequencies (including those used by 5G) for decades, and 5G is covered by international and national exposure guidelines and regulations. Following an extensive review of scientific studies published during the last 20 years, in March 2020 the ICNIRP confirmed that there are no adverse effects on human health from 5G frequencies if exposure is within its guidelines.

We have robust governance mechanisms in place and conduct regular compliance assessments to ensure that our masts and devices meet all regulations. We also perform network measurements and carry out calculations and assessments of exposure from the network masts, and review the test reports we receive on EMF testing on devices. Visit our website for more information on <https://www.vodacom.com/mobile-masts-andhealth.php>.



Vodacom ranked **7th place**,
in the 2019 Sunday Times Top Brands Consumer Green Award category.

Participation in the Conference of Parties

During the year, Vodacom participated at the Conference of the Parties (COP25) climate change talks in Madrid, Spain which took place from 9 – 13 December 2019. We were invited by our long-standing partner the WWF to present on Vodacom’s commitment to halve our GHG emissions by 2025. Vodacom participated on this global platform to emphasise our leadership and commitment to mitigating climate change.

Protecting biodiversity

Vodacom remains committed to protecting the environment and minimising our environmental impacts. We have not identified any material biodiversity-related risks associated with our operations and activities. Nonetheless, we remain mindful of potential threats to biodiversity and strive to protect biodiversity and support collaborative initiatives. These efforts include the following.

- ▷ Vodacom continues to be a member of the WWF and has supported various WWF conservation efforts since 2010.
- ▷ We strive to construct our base station sites in areas that provide the best coverage with the least environmental impact on the surrounding areas.
- ▷ We incorporate natural habitats within our campuses – e.g. wetlands, nesting of birdlife and planting of indigenous vegetation.
- ▷ We work with environmental agencies such as the Endangered Wildlife Trust to protect endangered species nesting on our mobile masts.

Partnerships for a sustainable future

- ▷ In the DRC, Vodacom promotes environmental education for learners in schools by organising visits to Texaf Bilembo, a cultural centre in Kinshasa that offers educational workshops on sustainable development and environmental protection.
- ▷ In Mozambique, Vodacom partnered to encourage schools to include environmental management lessons as part of their curriculum.
- ▷ In the DRC, Vodacom sponsored the publication of a scientific review book on GIS remote sensing modelling and geoscience in partnership with the University centre of climate change research. The scientific journal aims to promote climate change mitigation and adaptation measures.

CASE STUDY

Disaster relief

In South Africa, the Eastern Cape provincial government declared the province a drought disaster area early in 2019. Vodacom committed R3.5 million to the drought relief funds, aimed at assisting drought-stricken municipalities in the Eastern Cape province. Vodacom also spent R3 million in KwaZulu-Natal to provide for families that were displaced as a result of severe floods that occurred in the area in 2019. The rainfalls also destroyed economic infrastructure such as roads and telecommunications infrastructure, leaving many people destitute and cut off from their loved ones. Vodacom responded timeously to ensure that communication was restored.



4

A technology employer

To fulfil our purpose of connecting for a better future as well as our business strategy, our employees have to remain engaged with relevant skills. Our employees should also behave in a manner that is aligned and consistent with our values, code of conduct, and purpose as well as with our new culture, the Spirit of Vodacom.





The Spirit of Vodacom

To fulfil our purpose and deliver our Vision 2025 strategy, we have identified the need for a shift in our culture, referred to as the 'Spirit of Vodacom'. The Spirit engages and inspires employees to drive behavioural change at all levels in the organisation and is underpinned by the ambition to establish ourselves as a trusted partner to connect for a better future.

To get there we must be passionate about improving the lives of our customers, colleagues and communities. We are always open to new things and curious to create solutions that our customers will love. It starts with us. No matter where we work at Vodacom, we act as one. Together we create a place where everyone can truly be themselves and belong.

The future is exciting. And we're ready for it

In January 2020, we launched the Spirit of Vodacom and articulated the connection between our purpose, strategy and Spirit. This launch, known as the Big Conversation, was attended by 6 259 employees across our markets. These team conversations focused on the beliefs and behaviours related to the Spirit.

The aim of these sessions was to deepen understanding and encourage individuals to commit to action. Since then, active steps have been taken to embed the Spirit across our core business and people processes concerning our organisation, talent and skills, recruitment processes and reward and recognition.

How we do it



Earn customer loyalty

It starts and ends with our customers. We aspire to be a brand that is loved, by earning their trust and providing brilliant experiences. We work hard to simplify things for our customers and deliver what our customers want and need, every day.



Create the future

We think big, taking risks to break new ground. We ask 'what if?' to build amazing products and services for our customers. We are courageous in creating a better future for all.



Experiment, learn fast

We are always learning. We try things, measure our success, keep the best and learn from the rest. This is how we move rapidly to grow ourselves and our business.



Get it done, together

We trust each other to get things done. It is up to each of us to make it happen together.

Our workforce

Performance indicators	2020	2019
Number of full-time permanent employees [†]	7 641	7 746
Engagement index – People Survey (%)**	n/a	78
Employee turnover [†]	7%	8%
Female representation in senior management (%) [†]	32%	32%
Black representation in senior management (%)*	60%	59%
Ratio of average basic salary of men to women (times)*	1.3:1	1.3:1
Total spend on training (Rm)[†]	430.3	544

* Vodacom South Africa only.

[†] Vodacom Group (South Africa, Tanzania, the DRC, Mozambique and Lesotho).

** Annual People Survey not conducted in financial year 2020.

Number of employees by company

Company	Employees		Contractors		Total	
	2020	2019	2020	2019	2020	2019
South Africa	5 403	5 197	396	263	5 799	5 460
DRC	578	573	801	1 044	1 379	1 617
Tanzania	551	548	10	10	561	558
Mozambique	599	551	2 275	2 340	2 874	2 891
Lesotho	229	220	149	270	378	490
VBA	92	460	1	1	93	461
Mauritius	5	5	0	0	5	5
Vodacom Group	184	192	8	4	192	196
Total	7 641	7 746	3 640	3 932	11 281	11 678

Vodacom retains Top Employer certification

This year, Vodacom was awarded the Top Employer Africa accolade; we were recognised as an employer that develops, advances, and nurtures our employees. In the 2020 financial year certification, we improved our ranking to number two, up from number six; as well as maintained our position as an industry leader in the ICT/Telecoms sector. For the first time, we were rated first in Mozambique.



A digital way of working

In our journey of becoming a leading technology company we have implemented a digital transformation strategy within our own organisation, built on a culture that fosters organisational agility, innovation and collaborative working, one that attracts and develops the right skills, talent and diversity, and that acknowledges the role of continuous learning and innovation.

During the year, we have continued to embed Agile structures, principles and tools in South Africa, with 462 employees in six 'tribes' and 48 squads engaged in various collaborative cross-functional 'digital accelerator' teams scaled across the organisation. These teams have helped to improve the quality of engagement across business units, increased the level of Executive Committee inputs, and encouraged greater alignment and accountability on mutually agreed outcomes and performance indicators. During the year, we have extended the Agile journey to our international markets, with 1 875 employees completing the online Agile course through Vodafone University across all our markets.

To enhance our digital transformation journey, we have introduced robotics process automation (RPA), with the objective of effectively managing high-volume and repetitive tasks that previously required human input. Through the deployment of one bot, we have saved 541 human hours and up to R90 000 per month in South Africa.





Empowering our employees with general and digital skills

Vodacom focuses on empowering employees with digital skills, with various training courses offered to all employees through the Vodafone University, our global online e-Learning platform, and include data science, cloud services, IoT and our converged network strategy programme.

To build a skilled and capable workforce, Vodacom invested more than R430.3 million in skills development, across our markets.

In South Africa, Vodacom employees spent 170 854 hours on various training and development programmes, with a strong focus on digital capability and leadership development.



- ▷ **Agile programme:** To date, 5 000 employees have been trained in Agile working techniques. Over 55 407 and 7 815 Agile courses were completed in South Africa and our international markets respectively since inception of the programme.

- ▷ **Cloud – Amazon Web Service (AWS):** Vodacom’s partnership with Amazon Web services includes AWS training for 600 employees annually over five years. To date, 138 employees are certified in AWS cloud services, with 488 employees trained during the year in South Africa.

- ▷ **Internet of Things:** To date, 188 employees have been trained on our IoT masterclass introduced in 2018, including 98 in South Africa during the year.

- ▷ **Converged Networks Strategy programme (CNSP):** Through the CNSP programme, we have trained 84 (24 in financial year 2020) employees in innovative thinking to solve business problems since its inception in 2017.

- ▷ **Commercial Acumen in Telecommunications (PCAT):** To date, we have trained 170 (53 in financial year 2020) employees in the PCAT programme, which empowers employees to improve customer experience in South Africa.

- ▷ **Retail Hero training programme:** Vodacom has trained and coached 1 442 and 2 788 respectively, customer-facing employees on customer care and experience in South Africa.

- ▷ **Vodafone University:** In South Africa, our employees completed 60 303 online courses (which adds up to 115 337 hours of learning) on our e-Learning platform, Vodafone University, with 85% of employees completing at least one course online.

- ▷ **Data science:** Vodacom trained up to 18 employees on data analytics across all our markets.

- ▷ **Learning and development:** During the year, Vodacom spent up to R21 million on internal bursaries, advancing up to 502 permanent employees in South Africa.

Recruiting tomorrow's talent

To drive access to the best talent, this year we recruited 46 graduates in South Africa and 25 in our international markets. We also recruited 35 new software engineers, with specific experience in areas such as Big Data and AI. We continue to engage with leading universities, contributing to the development of ICT and digital-related course content, and working actively to identify emerging young talent.

- ▷ **External bursary programme:** Vodacom spent R14 million on young talent to access tertiary studies at an accredited institution.

- ▷ **Discover graduate programme:** Vodacom recruited 71 high-calibre and diverse graduates to enrol in our two-year graduate programme.

- ▷ **Interns, learners and bursars:** Vodacom spent R23 million on training 308 young people, currently employed by Vodacom, as interns and learners, which include 71 young people living with disabilities across all our markets.

- ▷ **Rotation programme:** The rotation programme enables selected employees to be temporarily assigned to a different role for three to six months across our markets.

- ▷ **Job shadowing programme:** During the year, Vodacom introduced a two-day job shadowing programme aimed at enabling interactive and collaborative learning to 14 high school learners in South Africa.

- ▷ **International development programme:** The international development programme sends our employees to any Vodafone location to enhance their international knowledge for a specific period of time.

- ▷ **Innovation programmes:** To foster innovation in the workplace, Vodacom introduced the 'hackathon' to 150 employees, an activity that involves collaborative computer programming, which led to the creation of 277 ideas. Vodacom also introduced the EXO (exponential business strategy) sprint programme to empower 35 employees on exponential thinking, with ten exponential ideas generated in South Africa.



Vodacom Youth Council

Vodacom established the Youth Council, which consists of 12 youth leaders each allocated to a senior leadership team member whom they shadow for a year. The main objective of the Youth Council is to ensure diversity of perspective in business decisions, particularly from the younger generation.

Vodacom voted top graduate employer in the telecoms sector

Vodacom was voted top graduate employer in the telecoms sector at the South African Graduate Employers Association (SAGEA) employer awards in 2019, receiving awards in three categories. Vodacom was celebrated for our programmes aimed at empowering young graduates.





Promoting leadership development

Vodacom invested R31.3 million in various leadership development courses for middle management and senior executives across all our markets.

- ▷ **Post-graduate diploma – digital Business:** We trained 40 middle managers in digital skills and management this year.

- ▷ **Vodacom Advanced Executive Programme (VAEP):** Vodacom trained 20 executives in theoretical and practical experience in business strategy and operational sustainability.

- ▷ **Servant leadership:** Vodacom trained 231 employees in servant leadership – a leadership philosophy of serving as a leader.

- ▷ **Digital leadership essentials:** 40 leaders were trained in digital leadership essentials.

- ▷ **Harvard Senior Executive Program:** Two senior executives were enrolled on this programme, which is delivered in partnership with GIBS Business School.

- ▷ **Leading in a digital economy:** Three senior executives were trained on leading in a digital economy delivered in partnership with GIBS Business School.

- ▷ **Singularity summit:** During the year, 20 senior executives were trained on leveraging technology to solve societal problems, delivered in partnership with Singularity University.

- ▷ **Harvard Advanced Management Program:** Vodacom CEO Shameel Joosub completed this programme, which focuses on advanced business management for leaders.

Creating a diverse and inclusive workplace

Vodacom strives to create a diverse culture and environment that is inclusive and embraces differences, including race, gender, age, sexual orientation and colleagues with disabilities. Vodacom has a zero-tolerance approach to harassment, discrimination or any form of abuse towards any employee.

In South Africa, Vodacom continues to promote transformation in the workforce and ensure ongoing improvements in employment equity. During the year, black representation in the workforce was 76.5%, with 60% at senior management level and 67% at executive committee (generic) level in South Africa.

Vodacom trains employees on diversity programmes accessible on Vodafone University. To date, 2 656 employees have completed the training course on diversity programmes.

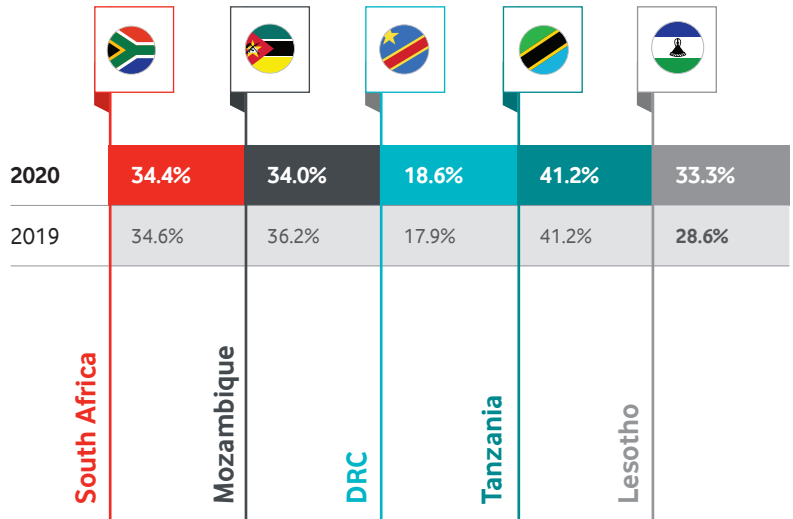
Employment equity performance against ICT Sector Code for SA

	2020	2019	2018
Black senior managers	1.08	1.12	2
Black middle managers	1.20	1.17	2
Black junior managers	0.73	0.71	1
Disability	2	2	2
Employment equity score	6.86	6.78	6

Our progress in transforming the business is driven by consistent investment in developing the skills of historically disadvantaged individuals. In South Africa, we invested R412 million in skills development for our employees, of which R331 million was invested in black employees. A total of R149 million was invested in black female employees, and more than R14 million in the development of black youth living with disabilities. During the year, of the 71 graduates selected, 45% were female.

To maintain gender equality in the workplace, Vodacom focuses on equal pay, supports work-life balance, enables access for women to managerial positions and strives for a gender balance in all areas of the business, particularly in technical roles. The representation of women remains a challenge for our business and for the broader telecoms sector. In South Africa, women account for 43.5% of our workforce, with 34.4% at senior management level against the target of 36%. Vodacom strives to be a leader in the ICT industry and has implemented equal remuneration practices for men and women at senior levels, with the ratio of an average basic salary of men to women being 1.3:1.

Representation of women in senior management



Vodacom implements female-focused training and development programmes aimed at supporting and empowering women in the workplace. The key initiatives and outcomes are outlined below.

Initiative

Women in leadership programme

Female leaders programme

Challenge 4 Change programme

Maternity benefits programme



Vodacom trained 73 female employees in leadership skills across all our markets, delivered in partnership with the North West University. To date 6% of the participants have been promoted to leadership roles.

Vodacom has exposed 19 high-potential black females to commercial and technology strategic roles in South Africa.

Vodacom hosted the Vodafone Global Diversity and Inclusion Lead – Felizitas Lichtenberg to facilitate an unconscious bias with our executive and senior leadership team across all our markets, with the objective of building on our purpose through the 'inclusion for all' pillar.

Vodacom provides six months fully paid maternity leave, with an option of working 30 hours per week for six months upon return from maternity leave, reaching 203 women since inception in 2018 across all our markets.

Additionally Vodacom designated and revamped rooms for returning mothers to use for expressing breast milk in a hygienic and dignified environment.



Vodacom has been certified as a Silver Employer by the South African Workplace Equality Index (SAWEI) 2019. This ranking recognises Vodacom as a leading company for LGBTI+ employees in South Africa.



Topco Media in partnership with Standard Bank awarded one of our senior executives **Top Young Achiever Under 40.**



This year, the Vodacom Specific Needs team received an award of appreciation from the South African National Council for the Blind for being inclusive in supporting communities and providing inclusive products and services.



Vodafone recognised three Vodacom employees amongst the Top 100 women who support diversity and inclusion.

Purpose and outcomes

Remuneration policy and committee

Our remuneration policy drives the monitoring and management of fair and ethical remuneration. Vodacom conducts a fair pay analysis annually to ensure that remuneration is benchmarked against the local market. Where discrepancies are identified these are investigated and adjusted accordingly.

Vodacom’s Remuneration Committee is an independent structure that guides and advises the Board on matters relating to the remuneration of executive directors and the senior leadership team. The committee ensures that the remuneration philosophy and policy support Vodacom’s strategic objectives to ensure the recruitment, motivation and retention of senior executives, with the aim of maximising shareholder value and complying with legislation and the requirements of King IV. The latest Remuneration Committee report can be accessed on www.vodacom.com.

Vodacom will be integrating ESG targets as part of the Long Term Incentive (LTI) performance structure as of the next financial year 2021. The ESG targets which will make up 10% of our LTI structure will be split into three key areas namely; women in management, financial inclusion and GHG emissions reduction.

Listening to employees and labour relations

Vodacom places value in understanding and responding to employee wishes, needs and concerns. As part of our commitment to creating a culture of continuous listening, during the year we ceased our traditional annual People Survey and introduced more frequent ‘pulse surveys’ aimed at connecting employee feedback to core strategic and business objectives. In line with our purpose, we have focused on engaging our employees in inspiring a purpose-led way of working. To enhance continuous engagement with our employees, our internal communication platforms are accessed by 4 179 active employee users. To foster employee interaction, Vodacom introduced Employee Circles, a platform which facilitates cooking, toastmasters, running, travel and golf interests among employees.

Vodacom encourages freedom of association and labour representation across the workforce and promotes good relations

Eight CEO fireside chats with employees

During the year, Vodacom introduced the CEO fireside chat platform – a question and answer session that enables employees to ask the CEO about any matters related to the business. The event takes place once every two months and is well attended by all Vodacom markets.



with trade unions in all our markets. In South Africa, approximately 6.5% of the workforce are members of the Communication Workers’ Union (CWU). In Mozambique, 9.8% of the workforce participate in an active union regarded as a partner to management.

The DRC has an active trade union and employee union. Members engage monthly with management on employee matters and biannually on disciplinary matters. Lesotho and Tanzania are not unionised.

In South Africa, the National Consultative Committee (NCC) is a non-statutory platform that enables Vodacom employees to engage with management on issues related to the working environment. There are currently 140 members (52% are female) in the NCC that have the responsibility to:

- ▷ Promote active participation in decisions related to the business, particularly in matters of employment equity, as detailed in the Employment Equity Act No 55 of 1998 and other subsequent updates and amendments to the Act;
- ▷ Monitor the implementation of Vodacom’s employment equity plans to promote equal opportunities for all employees irrespective of their backgrounds;
- ▷ Provide support in eliminating employment barriers;
- ▷ Represent employees during disciplinary and grievance processes;
- ▷ Provide input to the annual analysis report and the annual company employment equity plans which are submitted to the Department of Labour; and
- ▷ Escalate non-compliance with employment equity matters.





Health and safety in the workplace

Maintaining a safe and healthy working environment is one of our fundamental responsibilities and priorities. Vodacom implements a health and safety management approach that addresses the work environment and work-related transport requirements of our permanent employees, contractors, suppliers' employees and contractors.

Our safety strategy focuses on mitigating the most significant safety risks for people working in operational roles in our businesses. These risks are related to road risk, working with electricity, working at heights, and laying cables in the ground.

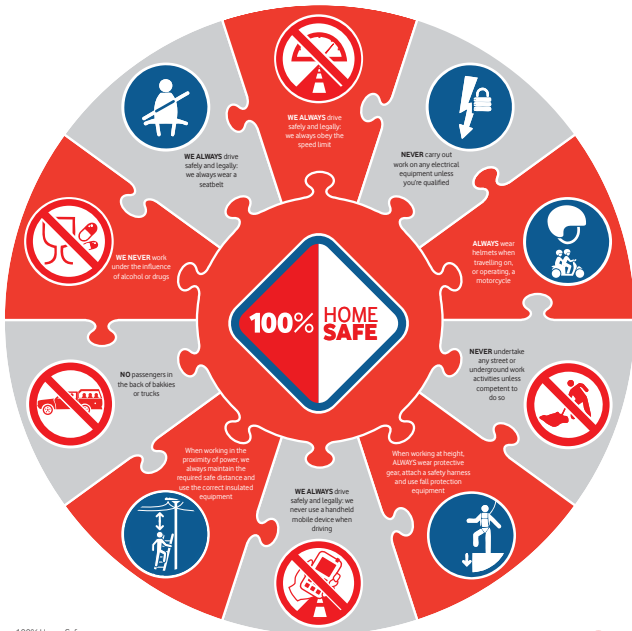
The Vodacom Absolute Rules on safety focus on risks that present the greatest potential harm to people working for or on behalf of Vodacom. Vodacom's supplier group policy on health, safety and well-being sets out additional safety requirements for high-risk activities. Road risks remain our principal risk, especially for contractors, who accounted for 62% of the road incidents reported during the year, down from 70% in the 2019 financial year.

The Road Guardian system implemented in Mozambique, Lesotho and recently Tanzania relies on an online platform to assist in monitoring and managing health and safety incidents. The system includes a consequence management and incident management process, which has significantly led to improved driver behaviour. The driver behaviour scorecard is summarised below.

				
2020	99.18%	92.29%	98.01%	97.21%
2019	99.07%	91.5%	97.9%	N/A
South Africa				
Mozambique				
Lesotho				
Tanzania				

IT IS OUR RESPONSIBILITY

The Vodacom Absolute Rules



100% Home Safe

WHAT IF... we get it done together?



Electrical safety programme

Our electrical safety programme Electrosafe was introduced this year to highlight the importance of electrical safety while working with or in close proximity to sources of electricity. The programme aims to provide an understanding of hazards associated with working with electricity and creates a safe working environment for Vodacom employees and contractors. The potential hazards include electrical shock and arc flash burn. The programme complies with electrical systems regulatory requirements, and identifies electrical safety principles, controls and practices that have to be followed by Vodacom employees and contractors in all markets.





Safety performance

Regrettably there were two work-related fatalities this year, in two separate motor vehicle incidents. In the one incident, one of our subcontractors fatally injured a pedestrian in a road accident in the DRC. While transporting equipment to a site at night, the driver approached a blind curve and noticed a person on the road. As he swerved the truck off the road, the person moved in the same direction which resulted in the fatal collision. The second accident involved a Vodacom contractor in Lesotho who was travelling to site in the early hours of the morning. He mistakenly drove over an unmarked speed hump which caused impact on the rear axle, resulting in the rear wheel coming off and the vehicle overturning and rolling over. To prevent such incidences in future, we are reviewing our risk assessments and safety procedures for third-party drivers. Any loss of life as a result of our operations is unacceptable and Vodacom strives for zero harm.

During the year, vehicle incidents accounted for 47% of all safety incidents (financial year 2019: 46%), followed by electrical fires (12%) and criminal activity (12%). South Africa accounted for 76% of all safety incidents (financial year 2019: 78%), with all our other markets making up the balance of 24%. The majority of safety incidents recorded (76%) are 'high-potential incidents' (HPIs), relating mainly to road transport, electrical fires and criminal activity incidents. Contractors accounted for 68% of all reported incidents.

Safety incidents	FY2020	FY2019
Fatalities	2	1
Lost time injuries (LTIs)	2	2
Major incidents	4	2
High-potential incidents	252	97
Minor incidents	53	56
Near-miss incidents	16	7
Lost time injury frequency rate (LTIRF)	0.07	0.07

Health and safety compliance training

We train our employees and contractors on health and safety standards and practices. The training is focused on risks related to working at height, safety on the road and work environment. During the year, Vodacom invested R693 842 in certifying 492 employees on health and safety courses.

Promoting employee health and well-being

Vodacom provides a healthy working environment and implements initiatives that safeguard and promote the physical and mental health and well-being of our employees. The main occupational health risks are related to stress and carrying too much body weight. ICAS has been Vodacom's Integrated Well-being Programme provider since January 2018. The service is provided through an interactive and informative app in addition to the ICAS-on-the-go app called ElCare.

Vodacom also implements a mental health policy that aims to prevent health-related challenges faced by our employees while identifying and helping to manage existing issues. Vodacom was the first corporate in South Africa to develop and launch a mental health policy, demonstrating our leadership in promoting employee well-being. Vodacom trained and appointed 82 well-being ambassadors to support employees in managing and mitigating mental health challenges. Through the Mental Health programme, employees across our markets have access to one-on-one counselling sessions with a health professional.



CASE STUDY

Advocating Vodacom's commitment to employee well-being

Craig Nelson has been employed by Vodacom since 2005 and openly spoke about his mental illness at a global webinar hosted by Vodafone in October 2019. Craig has battled with mental illness since he was a child. He was diagnosed with manic depression in his teens and bipolar mood disorder when he was 23 years old. He has been on medication and attended rehabilitation facilities to address his illness. Craig described Vodacom's approach to mental wellbeing as "one of the best in the world". He expressed appreciation for the support received from Vodacom, including top management. He believes that without this support, he would not have found the path that brought balance, stability and structure in the management of his condition.

To promote the physical well-being of our workforce, Vodacom employees across our markets took part in an annual global well-being challenge, measuring the number of steps using a digital app.

Vodacom employees took
477 364 299 steps.

5

Responsible business practices and disclosures

To deliver on our social contract and purpose, we aim to strengthen our reputation and integrity by building and maintaining trust with our stakeholders. We are committed to ensuring that our business operates ethically, lawfully and with integrity, as this is critical to our long-term success.

This section addresses some of our key responsible business practices and details the activities we put in place to ensure our operating practices meet our own and our stakeholders' expectations.



Responsible and inclusive supply chain

Supply chain management

Our aim is to ensure integrity in our supply chain processes by identifying and managing legal, social, ethical and environmental risks. Vodacom encourages all suppliers and business partners to adopt sustainable business practices. Enhancing supplier performance supports improved service quality and productivity, stimulates innovation and secures a responsible working environment. During the year, Vodacom spent more than R48.3 billion to meet our business and customer needs in our markets.

Market	Total spend	Number of entities
South Africa	R43 billion	7 868
Tanzania	R1.6 billion	2 969
Lesotho	R313 million	208
DRC	R1.6 billion	470
Mozambique	R1.8 billion	289

The Vodafone Procurement Company (VPC) centrally controls purchasing and supplier management across the Group. The VPC manages most of Vodacom’s spend with global suppliers, supporting the needs of Vodacom’s operating companies and group functions. This centralised procurement approach supports the delivery of efficient supplier performance management across the Vodafone businesses. Vodacom has various commercial relationships with local suppliers involved in service-related procurement, such as merchandising or field operations. Supporting these local businesses creates employment and socioeconomic development opportunities in communities across all our markets.

During the year, approximately 653 (2019: 639) companies qualified as Vodacom suppliers. Vodacom’s procurement spend is predominantly on network infrastructure and related services.



Supply chain policy and governance

Every supplier that works for Vodacom is required to abide by our Code of Ethical Purchasing. These commitments extend down through the supply chain so that a supplier with which we have a direct contractual relationship (Tier 1 supplier) is in turn required to ensure compliance across its own direct supply chain (Tier 2 supplier) and beyond.

The Code of Ethical Purchasing is based on international standards including the Universal Declaration of Human Rights and the International Labour Organisation (ILO’s) Fundamental Conventions on Labour Standards. It stipulates a range of ethical, labour and environmental standards that we expect to be followed across our supply chain, including areas such as child labour, health and safety, working hours, discrimination and disciplinary processes.

Common risks faced by Vodacom employees and suppliers in their daily delivery of services are related to driving, working at height or dealing with high-voltage equipment.



Supplier monitoring and auditing to ensure compliance

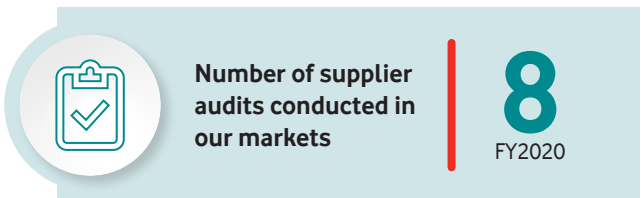
We expect every supplier to continuously monitor their compliance with the standards set out in the Code of Ethical Purchasing and to promptly rectify any failure to do so. Suppliers are advised to report any serious non-compliance with the code immediately, to ensure effective and timely corrective action. The level of supplier scrutiny is determined by the nature of the risks and activities involved. Vodacom monitors key suppliers' health and safety and sustainable business performance standards, as well as their commercial, product and service performance, through Vodacom's supplier performance management programme.

Vodacom requires all suppliers to complete an ethical, labour and environmental risk questionnaire and provide supporting evidence to validate their responses. Suppliers can use the questionnaire to highlight ways in which they have shared best practice in their own business and supply chains. In each case, our supply chain team validates the information submitted and uses it to determine an overall sustainability score and grade.

Vodacom conducts intensive on-site supplier audits of local suppliers, which often take several days to complete. We evaluate our suppliers' compliance with our Code of Ethical Purchasing through a detailed assessment that may involve an on-site audit.

The audits involve an examination of contractual requirements including written health, safety and quality policies and procedures, site inspections and discussions with managers and employees. Supplier audits are conducted in accordance with the underlying risk profile of each supplier. Supplier audit results are shared with the

relevant suppliers, Vodacom management and supply chain personnel. Suppliers that do not meet our standards are provided with a corrective action plan to address any areas of improvement and are required to submit evidence that this has been completed.



The top three areas of non-compliance were:

- ▶ Deviations from the contractual requirement which include compliance with the Code of Ethical Purchasing;
- ▶ Non-compliance with health and safety standards; and
- ▶ Insufficient record keeping of key processes required for compliance with the Code of Ethical Purchasing.





Driving SME development and support

Vodacom has adopted customised mechanisms to support SMEs across our markets. During the year, Vodacom spent R3.6 billion on SME procurement through our supply chain processes.

Preferential payment: Our preferential payment terms facilitated the payment of 166 black-owned SMEs, within three days from date of invoice in South Africa.



Vodacom trade direct portal: Vodacom continues to utilise the Vodacom trade direct portal (an SME access to market portal) to identify and invite potential suppliers preferably black-owned SMEs; to submit their proposals for Vodacom tender opportunities. We have access to over 91 000 SMEs through this portal in South Africa.

Health and safety management system: Vodacom provided a health and safety management system that is scalable, customisable and cost effective, to be deployed to black-owned SMEs. To date, more than 68 SMEs have benefitted from this system in South Africa. During the year, the system was improved to incorporate journey management plans, electronic submissions and approval of health and safety plans and work permits.

Training to empower SMEs: Vodacom trains suppliers on health and safety and sustainability in South Africa. Our plan is to expand the training to include proper use of PPE which will protect the suppliers from hazardous working conditions.

Partnerships to support SMEs: In Tanzania, Vodacom partnered to provide selected SMEs with digital skills training and connectivity. The main objective of this programme is to encourage the use of digital platforms in business particularly by SMEs. In Lesotho, Vodacom partnered with the National University of Lesotho and United Nations Development Programme to host a hackathon that focused on digital solutions. More than 270 entrepreneurs participated and six winners each received R50 000 in cash. The winning solutions included a farmer's application and a crime prevention application. In Mozambique, Vodacom partnered with ABSA Bank and the Institute for Small and Medium Enterprises to train SMEs on business management and operations.

CASE STUDY

Empowering SMEs with fibre installation equipment

In South Africa, Vodacom supplied six black-owned SMEs with various FTTx installation equipment used to deliver optical fibre, at no cost for 18 months after which the equipment was transferred to the SME as their own asset. Previously, the SMEs had to rent the equipment, adding to their operational costs. In most cases, the availability of the equipment was dependent on third parties, which caused significant delays in FTTx installations. Vodacom also trained the SMEs on the use of the equipment.

CASE STUDY

SME 360 Assessment Initiative

In South Africa, Vodacom appointed an SME to conduct 360 assessments on two SMEs, with the aim of identifying development areas for these entities. The purpose of the initiative was to assist the SMEs to develop and expand their businesses and to also ensure diversification in their portfolio of clients. The results of the assessment will be used to implement development initiatives for the SMEs in future, with the objective of promoting business growth and sustainability.

CASE STUDY

Access to Market Initiative

In South Africa, Vodacom executed an SME market analysis to understand the challenges faced by SMEs. The main factors identified were linked to the inability to strategically access markets and position the brand. Vodacom identified an existing SME development beneficiary, to assist seven black-owned SMEs in developing a marketing strategy. The strategy equipped the SMEs with the necessary marketing tools like corporate branding and website design.



Enabling positive social outcomes through economic transformation

As an organisation that is on a journey of being purpose-led with a recently agreed Social Contract, Vodacom has committed to work to create better, more equal societies by delivering on its purpose, to “Connect for a better future”. Enabling positive social outcomes is integral to what we do; our approach to sustainable business ensures that we align our business goals with the delivery of societal benefits.

Our commitment to delivering on our purpose saw Vodacom Group Limited achieve the highest B-BBEE recognition of Level 1, with a total score of 120.84 points, up from Level 2 in the prior year. The achievement was made possible by Vodacom South Africa (which includes Vodacom (Pty) Limited, all financial services companies, and Mezzanine Ware (RF) (Pty) Limited successfully retaining their Level 1 B-BBEE status, with an increase of 4.64 points on their overall score from 120.04 to 124.60 points out of a total of 130 points.

The Level 1 achievement came at a direct cost of R1.3 billion to the company. Our success was matched by subsidiaries Stortech (Pty) Limited (trading as Nexio) retaining its Level 1 status for a third straight year to the company, and XLink (Pty) Limited, which improved to Level 1 from Level 2. IoT.nxt (Pty) Limited, acquired by Vodacom SA in late 2019, landed a Level 4 B-BBEE status.

B-BBEE results for Vodacom Group

We achieved significant improvement this year in scores across all the elements except for management control and skills development, resulting in an overall increase in score of 3.15 points.

Scoring element	Target points	Achieved points 2020	Achieved points 2019	Achieved points 2018
Ownership	25	22.75	21.33	16.20
Management control	23	15.90	17.39	15.72
Board representation	8	4.67	5.83	5.83
Top management representation	5	4.82	5.00	4.33
Employment equity	10	6.41	6.56	5.56
Skills development	20	20.90	23.32	19.55
Enterprise and supplier development	50	49.29	43.65	44.79
Procurement	25	21.29	19.54	20.55
Supplier development	10	11.00	7.11	6.54
Enterprise development	15	17.00	17.00	15.70
Socioeconomic development	12	12.00	12.00	11.70
Total	130	120.84	117.69	108.03
B-BBEE Level		1	2	4

Ownership: Following the successful implementation of the R16.4 billion B-BBEE deal in September 2018, Vodacom Group has total black shareholding of 31.53%, up from 29.60%.

Management control: The Group attained a score of 15.90 points (a 1.49 point drop from our previous score of 17.39). This was the result of the loss of key women in our top management positions. The Group remains committed to driving gender diversity and achieving its transformational goals across all of its occupational levels.

Skills development: Our consolidated training spend saw a slight decrease, from R283.4 million to R275 million; we invested R15.2 million (up from R12.7 million in the prior year) in the development of black youth living with disabilities. This is reflected in our total score of 20.90 out of 20 points, a decrease of 2.42 points.

Enterprise and supplier development: This element has three sub-sets: procurement, supplier development (2% net profit after tax (NPAT) spend target), and enterprise development (3% NPAT spend target). Under procurement, Vodacom’s commitment is demonstrated in the shift of spend to B-BBEE-status suppliers and to more than (51%) black-owned and more than (30%) black-women-owned suppliers.

Procurement spend criteria:

(Rbn)	2018	2019	2020
B-BBEE spend – all empowering suppliers	31.0	34.4	35.9
B-BBEE spend – qualifying small enterprise (QSE)	2.8	3.2	3.2
B-BBEE spend – exempted micro-enterprise (EME)	1.7	1.3	1.35
B-BBEE spend – >51% black-owned suppliers	9.8	9.8	13.2
B-BBEE spend – >30% black-women-owned suppliers	8.2	9.4	15.1
Bonus point: B-BBEE procurement spend from designated group suppliers that are at least 51% black-owned	1.6	2.2	2.2

Supplier development realised R243 million spend, targeted at developing SMEs within Vodacom’s supplier base; the spend represents a significant increase, (up from R164.2 million) in the prior year. Our continued support towards the transformation of our retail franchisee base, and our investment of R14.6 million in deep rural tower build, contributed favourably to this score. Vodacom’s commitment to the sustainability of our black-owned SME suppliers is further evident in the R981 million paid on invoices in less than three days. Under enterprise development, our investment in the development and support of black-owned ICT SMEs outside of Vodacom’s business, increased from R351.4 million to R407.2 million. The collective score for this element was 49.29 out of 50. Vodacom awarded 1 bonus point for supplier development.

Socioeconomic development: The Group obtained full points with an investment of R207.3 million, up from R184.4 million.

CASE STUDY

The Innovator Trust

The Innovator Trust was formed in 2014 to support small black-owned businesses in the information and communications technology (ICT) sector. The Innovator Trust empowers competent SMEs through training, skills sharing and infrastructure support. The Innovator Trust partnered with enterprises that possess the necessary ICT skills and knowledge to support and empower SMEs, which has made a real impact on SMEs working in the ICT space. The Innovator Trust started with only 18 beneficiaries and has extended to support over 120 black-owned SMEs across seven provinces in South Africa.

One of the key focus areas in the development of SMEs working in the ICT sector is health and safety training. Health and safety is considered a critical component in the ICT sector. As such, the Innovator Trust enabled more than 147 SMEs to access an online health and safety system which helps to streamline compliance documents required when an SME is submitting a proposal for work in the ICT sector. The Innovator Trust further provided health and safety training certification as well as licence renewals for the health and safety system.



More than **73** black-owned suppliers have benefitted from the supplier development programme.



Over **38%** of the SMEs supported by the Innovator Trust are owned by women.

The Innovator Trust has spent **R56.5 million** on SMEs since inception.

In 2017, the Innovator Trust partnered with the Youth Academy to create the Youth Entrepreneurship Programme (YEP). The main objective of the YEP programme is to empower young people with business and finance skills. The successful implementation of this pilot programme has resulted in the mentoring and upskilling of 60 young people with entrepreneurship skills.

During the year, Vodacom partnered with the Innovator Trust to launch a supplier development programme. To date, the Innovator Supplier Development (Pty) Limited has implemented various supplier development initiatives, which include the generator project, FTTx project and health and safety training programme.





Enhancing business integrity

Promoting ethical conduct

The Vodacom Code of Conduct (Code) is supported by our ten underlying business principles and explains what is expected of every person and business working for and with Vodacom. The Code sets out Vodacom's responsibilities to our people, partners, shareholders and the societies in which we operate. An extensive and well-established framework of policies underpins the Code and systems implemented to manage our responsibilities. This year, the senior leadership team from the senior leadership team Consumer Business Unit (CBU), Human Resources (HR) and the Company Secretary led an awareness raising workshop on the Digital Code of Conduct with all our markets. More than 1 086 employees attended the discussion workshop, with employees committing to lead by example and apply the Code daily. The Code of Conduct can be accessed on the Vodacom website on <https://vodacom.com/pdf/code-of-conduct/2019-vodacom-digital-code-of-conduct.pdf>.

Vodacom provides training and awareness initiatives to employees on the Code, ethical values and ethical decision-making through our Doing What's Right (DWR) programme. During the year, 1 864 employees attended face-to-face training sessions, covering various topics relating to ethics and the Code. Vodacom continues to roll out the DWR e-Learning game-based training initiative that comprises of five modules: Code of Conduct, anti-bribery, security, health and safety, and privacy. This year, the training was attended by all permanent staff members, with a 94.4% completion rate across the Group. To set the tone for ethical behaviour, we hosted the annual Vodacom ethical leadership event. Our guest speaker, Prof Mervyn King, shared his knowledge, experience and perspectives with 550 people leaders across our markets. He emphasised the importance of leading ethically to ensure the sustainability of Vodacom's business in a digital society. The 2020 Vodafone Business Integrity report, rated the DWR programme of Vodacom as fully compliant for Lesotho, Tanzania and South Africa, substantially compliant for Mozambique and partially compliant for the DRC, for the financial year.

Ethics advice and confidential reporting

During the year, Vodacom received and responded to 209 employee requests for advice through our ethics advice line. The issues identified were related to conflict of interest, policy clarification and favouritism in the workplace. All Vodacom employees and contractors are required to report any suspected breaches of our Code. The Speak Up reporting mechanisms remain accessible to all Vodacom employees who wish to report cases of misconduct. Expolink, an external service provider, manages this independent reporting mechanism, which is available every day of the year. During the year, 118 cases were reported on the Speak Up line across all our markets, of which 29.4% were substantiated. Many of these cases were related to alleged dishonesty, bullying, abuse of power, external fraud and integrity-related issues.

Disciplinary processes and procedures

All breaches of the Code are fully investigated and substantiated, with applicable disciplinary measures taken and sanctions imposed where necessary. During the year, we had 100 contractor and staff dismissals in all our markets. The dismissals were related to fraud, theft of stock, sharing of login credentials, negligence, unlawful disclosure and non compliance with authentication processes. In addition, there were 93 arrests, which included external persons and contractors in all our markets. Mitigation actions taken to prevent these types of misconduct include limiting users' access rights to impacted systems, internal awareness campaigns, implementation of control measures in affected business areas, and engaging and educating dealers, service providers and vendors.





Anti-bribery and corruption

Vodacom supports and fosters a culture of zero tolerance towards bribery or corruption in all our activities. Our anti-bribery policy states that employees or others working on behalf of Vodacom must never offer or accept any kind of bribe, including political funding. Any policy breaches can lead to dismissal or termination of contract. To increase awareness among our employees and contractors of this matter, Vodacom trained up to 4 894 employees on anti-bribery and corruption.

Trade control and sanctions

Vodacom has implemented policies to prevent any risk of breaching sanctions and trade or export control laws and regulations. During the year, we introduced the trade control policy which defines processes to comply with the trade control laws or trade with controlled items, including a trade risk control matrix (RCM) comprising training and awareness, annual risk assessments, trade control licences and trade control reporting. To supplement the trade control policy, we have introduced a sanctions policy which describes different sanctions, lists sanctioned countries and defines key controls incorporated in the sanctions RCM, including training and awareness, annual risk assessments, due diligence on third parties, ongoing screening, and sectoral and comprehensive approval processes.

Human rights

Vodacom respects all internationally proclaimed human rights, including the International Bill of Human Rights and the principles concerning fundamental rights set out in the ILO Declaration on Fundamental Principles and Rights at Work. We believe that we contribute to the wealth and development of countries, regions and local communities in a way that advances the protection and promotion of a number of fundamental human rights and freedoms and supports the full realisation of socioeconomic development across all our markets. Our most salient human rights risks relate to the individual's right to privacy and freedom of expression. Our commitment to our customers' privacy goes beyond legal compliance. We are focused on building a culture that respects the right to privacy in order to justify the trust that people place in us, and always seek to respect and protect our customers' lawful rights to hold and express opinions and share information and ideas without interference.

At the same time, as a licensed national operator, we are obliged to comply with lawful orders from national authorities and the judiciary, including law enforcement. Vodacom complies with the Vodafone Group human rights policy launched during the year, setting out the minimum requirements that everyone working for and with Group must comply with across all human rights topics. We manage human rights risks through our human rights due diligence approach, which is aligned with the United Nations Guiding Principles on Business and Human Rights.

Media ethics policy

Our media policy governs all internal and external communication interactions with the media across all our markets. The media policy guides employees on the ethical use of media platforms and protects us from uninformed misuse of the media to the detriment of the company.

Ethical advertising

Vodacom subscribes to the codes and guidelines issued by the Advertising Regulatory Board of South Africa. We are committed to ensuring that our communication on our products and services is clear and ethical and supports our customers, colleagues and communities to connect for a better future. In the advertisements of our products and services, we always act with integrity, are sensitive towards society and respectful of human rights. This approach helps to build trust from our customers, business partners and the communities in which we operate. During the year, Vodacom committed no infringements of the advertising codes of practice.



Protecting customer privacy and security

Customer data is a strategic asset and respecting the privacy of personal information belonging to customers is critical to retain customer trust. Failure to manage privacy compliance risks and opportunities may result in fines, reputational damage, customer dissatisfaction and negative impact on customer NPS.



Vodacom's commitment to protecting the privacy, security and confidentiality of customers' personal information and to accordingly process personal information honestly, ethically, with integrity and in compliance with applicable laws is still entrenched in all our processing activities. We recognise the importance of not only respecting the privacy of our customers' information but also implementing and improving measures that ensure that customer information is protected throughout its life cycle.

Vodacom Group Privacy Programme

Vodacom has implemented the Vodafone Privacy programme and adopted the General Data Protection Regulation (GDPR) Light programme. The GDPR Light programme was launched in South Africa, Tanzania, Mozambique, Lesotho, and the DRC. The privacy programme identified 12 privacy domains with defined controls to be implemented in respect of the identified domains. The domains are based on the key privacy management and compliance principles depicted in most privacy laws, including GDPR and the South African Protection of Personal Information Act of 2013.

Delivery domain	DRC	LS	MZ	ZA	TZ
1. Programme management	G	G	G	G	G
2. Baseline risk management	A	G	G	G	G
3. Organisational security privacy impact assessment	A	A	G	G	A
4. Security and privacy by design	G	G	A	G	G
5. Permissions and transparency	A	A	G	G	A
6. Individual rights	A	G	A	G	G
7. Data management	R	R	A	A	G
8. Security for privacy	A	A	A	A	G
9. Third parties	A	A	G	G	A
10. Processor obligations	A	N/A	G	G	N/A
11. Training and awareness	A	A	G	G	G
12. External influence	G	G	N/A	G	N/A

Key:
 Red (R) – low level of implementation of RCM controls or partial implementation without mitigation actions
 Amber (A) – partial implementation of RCM controls with appropriate mitigation controls in place
 Green (G) – all RCM controls have been sufficiently implemented.
 N/A – not in scope of the market

In implementing the programme, all our markets were required to ensure full alignment and compliance with local privacy laws. The programme was completed on 31 March 2020 by all markets and has now transitioned to the 'business as usual' phase. The table above shows the implementation status of each market as at 31 March 2020. The privacy controls implemented will be monitored and control effectiveness will be assessed on a continuous basis.

To strengthen the commitment to invest in privacy operations and continuously improve the effectiveness of privacy controls, the CEOs of each market signed CEO statements confirming (i) their commitment to and accountability for ensuring that all privacy controls enabling secure and compliant processing of personal data are working effectively; (ii) their awareness of the market's status and deficiencies that have been identified; and (iii) programme resources, budget and oversight are sufficient to achieve and maintain expected standards of maturity of the programme going forward.

Data management

Vodacom applies appropriate data management practices to govern the processing of personal information. Suppliers involved in the processing of personal information are assessed for compliance with privacy laws, our privacy and security standards and are only privy to personal information that is necessary to perform their duties. Whilst most markets have partially implemented controls in respect of data management, appropriate mitigations are in place to manage or limit associated privacy risks. As an example, policies and procedures relating to data management have been formulated and manual data registers have been created. For the next financial year, each market has provided clear actions to improve control effectiveness in respect of data management, which includes amongst other actions; fixing all residual data quality issues in data processing and IT registers, supporting and implementing a data governance program and following up on data purging activities.

Privacy governance

Vodacom's privacy framework defines accountability with clearly described roles and responsibilities- including the appointment of privacy officers, risk management processes to be followed, creation of defined privacy requirements, diverse methods of solving recurring privacy problems, and privacy by design and assurance methodology. The leadership teams remain accountable to the advancement of the protection of personal information.

A customer permissions management solution has been rolled out in South Africa and Mozambique which allows customers to manage their consents and permissions in respect of the processing of their information when using our products and services. The other markets will be implementing this solution in the next financial year.

Privacy and security impact assessment

As part of the programme, assessments of high risk products and services were conducted by the privacy and security teams with gaps being identified and mitigation actions implemented. During the 'business as usual' phase, we continue to conduct privacy impact assessments in respect of all, systems and technologies, products and services in order to manage and mitigate privacy and security risks.

Privacy training and awareness

Vodacom provides online training on privacy through Vodafone University. The privacy training completion rate ranges between 80% to 97% across our markets. In South Africa, the privacy training and awareness initiatives through e-learning are supplemented by face-to-face training sessions, which are highly interactive sessions focusing on solving practical privacy issues experienced by the teams in their day to day business activities. We have empowered our employees to understand and promote compliance with privacy policies and applicable laws in their daily business activities, thereby embedding a culture of respect for the privacy and security of personal information.

Maintaining cyber security

Vodacom remains consistently vigilant on the impact of potential cyber-attacks across our technology estate and places the highest priority on the protection of our information assets and products and services we deliver to our customers. All markets have implemented a comprehensive data breach incident management processes that ensures all breach incidences are properly logged, managed and reported. Over the last year we have continued to upgrade a number



of key security controls within our extensive Cyber Security Programme to deliver benefits to our internal stakeholders and customers. These include efficiencies achieved by employing automation in our processes and leveraging data analytics for decision making to assess vulnerabilities more effectively. The Cyber Security Programme further builds on our strategy across five key pillars: strong security basics, cyber defence, risk, people and culture, customer security and being future focused on the external threat environment. Within customer security we have made further improvements by including extensive privacy, risk and security assessments at the inception of our new technologies, systems, products and services development life cycle, through security, privacy by design and assurance. To ensure the protection of our customer data across our network, annual security assessments are conducted by an independent auditor. Following a process of continuous improvement, the security assessment results, with controls gaps identified, are remediated through mitigating controls which are validated through annual re-testing. The relevant risks are assessed and residual risks is managed. Extensive training has been conducted across the organisation to adopt this framework to ensure safe and secure products and services.

Globally and locally we have observed an increase in cyber-attacks and data breaches, with evidence of more sophisticated attacks emanating from state-funded hackers significantly raising the risk and potential impact. The unprecedented circumstances observed during the COVID-19 pandemic has further challenged us to secure and assure our remote staff and customers whilst they are working at home. In light of the COVID-19 pandemic we have also observed a significant increase of phishing attacks on end users. There has been an increase in social video conferencing tools observed during the COVID-19 lockdown, impacting the confidentiality of Vodacom business meetings. Working in conjunction with Vodafone Cyber Defence Intelligence teams and Threat Intelligence communities, cyber risks associated to the COVID-19 pandemic have been largely mitigated through improved detection and preventative controls. Our Cyber Security defence in-depth capability across Vodacom technology estate has been further enhanced with additional heuristic and anomaly detection capability targeted at sophisticated state-funded attackers.

There has been a fundamental change in the security culture bolstered by our consistent security awareness campaigns leveraging the Cyber Code that was launched during the year. Our new security vendor risk management tool sets has also addressed high risk vendors reducing our risk from supplier and third party vendors.



Delivering the best customer experience

Our vision is to become a leading digital company, by digitising and simplifying the customer experience to substantially enhance the quality of the service we provide, aiming to lead the net promoter score (NPS) across all our markets.

Eradicate

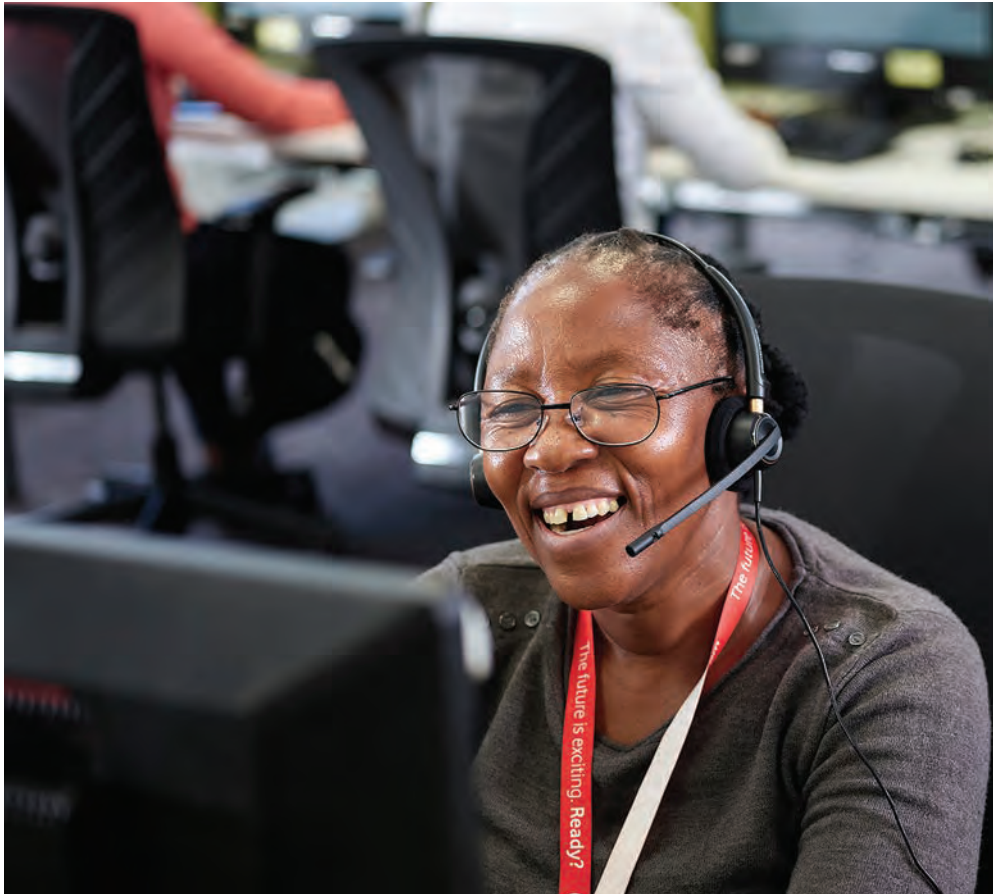
Our objective is to remove unnecessary contact incidences, and focus on significantly reducing call volumes by employing a rigorous continuous improvement and process simplification programme with customer journey optimisation. Our target is to eradicate 40 000 calls per month.

Steer

Once we have eradicated unnecessary and linear customer pain-points, our plan is to use our big data and predictive analytics platform to steer customers to digital channels such as TOBi or the MyVodacom App. For our customers who opt to contact our call centre, we will use smart routing technology to steer them to the best agents for their query.

Digitise and automate

To deliver an excellent and digital customer experience we will digitise the customer lifecycle as much as possible, through end-to-end digitisation customer journeys. Our digitisation efforts are underpinned by aggressive automation of manual processes, using robotic process automation (RPA) technology.



Expert care

Our aim is to ensure the best customer experience for customers who opt to contact our call centres. We will do this by transforming the service design of our call centres with RPA and Smart Routing technologies. One of our key focus for the next financial year is to establish an Ultra High Value Call Centre, which offers a private banker-like experience to our High Value customers.

We are prioritising our human experts to deliver a great digital-first customer experience built around three pillars.



Activate

our experts to pro-actively drive digital customer adoption supported by MyVodacom App



Empower

our experts with the tools, skills and capabilities to deliver a great digital-first experience



Transform

our frontline to be the experts of tomorrow.



To drive the best customer experience in South Africa, we have introduced TOBi, a leading AI chatbot which provides customers with a conversational experience that can solve queries without human interaction.

TOBi was expanded to various channels that include SMS, WhatsApp and MyVodacom App and has handled over 5.8 million chats during the year. Our customers are able to use TOBi for the following interactions:

- ▷ Airtime transfer.
- ▷ Buy airtime and bundles for another Vodacom number.
- ▷ Pay using the payment gateway.
- ▷ Caller Line Identity Presentation (CLIP) – activate and de-activate.
- ▷ Prepaid SIM Swap – new and improved journey.






We have invested in enhancing our IT platform architecture and Big Data capabilities to improve our customer service offerings and deliver the best digital experience. These capabilities have reduced customer call volumes by 38% over two years and have resulted in the following achievements:

- ▷ Reduced Consumer Business Unit back office SRs by 33% over two years.
- ▷ Reduced our OPEX by R191 million over two years.
- ▷ Voice Biometrics – 300% growth in registrations.
- ▷ Interactive Voice Response – 84% containment rate.

Delivering leadership on Net Promoter Score

To measure the quality of the customer experience, we use the net promoter score (NPS) based on one question: "How likely would you be to recommend Vodacom to a friend, family member, or colleague? Vodacom ended the year leading in the NPS in three of our markets, a significant achievement.

- ▷ We are market leaders in South Africa, Tanzania, and DRC.
- ▷ In Mozambique, we trail our closest competitor Movitel by 14pts, mainly because of network inconsistencies, cost of services, and pricing pressures. We do however maintain the lead on brand perception, mobile money, problem solving, and providing information.
- ▷ In Lesotho, we are 19pts behind our closest competitor, although we lead in the high value segment.

					
2020	1st	3rd	1st	1st	2nd
2019	1st	2nd	1st	1st	1st
2018	1st	1st	1st	1st	1st
	South Africa	Mozambique	DRC	Tanzania	Lesotho

Appendix A

Annual sustainability statement

The table below indicates Vodacom’s sustainability-related business performance in line with some of the local and global standards, protocols and guidelines referenced in this report. The table reflects our quantitative performance over the last three years.

Indicator	Notes	Unit	FY2020	2019	2018
Investing in our people					
Number of full-time permanent employees		Number	7 641	7 746	7 554
Salaries and benefits		(Rbn)	6.4	6.0	5.6
Employee turnover		%	7	8	9
Females representatives at Group Board level		Number	2	2	2
Female representation in senior manager level	Page 66 shows performance for International markets	%	34	32	35
Black representation in senior management		%	60.3	59	56
Ratio of average basic salary of men to women		Times	1.3:1	1.3:1	1.3:1
Total training spend	Reporting for all our markets in FY2020	(Rm)	430.3	544	287
Total number of hours on training of employees	Vodafone University only	Hours	115 337	111 526	156 691
Employees receiving performance review		%	100	100	100
Workplace-related fatalities		%	2	1	3
Lost-time injury frequency rate (LTIFR)		Number	0.07	0.07	0.05
Driver behaviour scorecard	Page 69 shows performance for International markets	Number	99	99	84
Product and service responsibility					
Customer NPS (3 out of 5 markets)		Number	1st	1st	1st
Delivering social value					
Customers		Million	115.5	77.8	74.0
M-Pesa customers		Million	14.7	13.5	11.8
Investment in infrastructure		(Rbn)	13.2	13	12
Total cash tax contribution		(Rbn)	20.4	20.1	20.8
Investment in CSI		(Rm)	146	153	111

Indicator	Notes	Unit	FY2020	2019	2018
Responsible environmental management					
Direct greenhouse gas (GHG) emissions (Scope 1)		mtCO ₂ e	54 070	48 774	45 652
Indirect GHG emissions (Scope 2)		mtCO ₂ e	556 822	516 600	508 755
Indirect GHG emissions (Scope 3)		mtCO ₂ e	86 086	74 322	74 051
Total GHG emissions CO ₂ (incl. non-Kyoto Protocol emissions)		mtCO ₂ e	697 000	640 926	630 371
Access network electricity		GWh	434	369	340
Core network electricity		GWh	85	64	67
Data centre electricity		GWh	50	57	60
Electricity in buildings		GWh	39	42.0	42.3
Fuel consumption (diesel and petrol)	Restated to include all markets	million litres	19	18	17
Network equipment and handsets recycled		tons	977	426	104
PUE		Number	1.79	1.85	1.92
Transformation and Inclusivity					
Black Economic Empowerment (South Africa)		Score out of 130	120.84	117.69	108.03
▷ Ownership		Score out of 25	22.75	21.33	16.20
▷ Management Control		Score out of 23	15.90	17.39	15.72
▷ Board representation		Score out of 8	4.67	5.83	5.83
▷ Top management representation		Score out of 5	4.82	5.00	4.33
▷ Employment Equity		Score out of 10	6.41	6.56	5.56
▷ Skills Development		Score out of 20	20.90	23.32	19.55
▷ Enterprise and supplier development		Score out of 50	49.29	43.65	44.79
▷ Socioeconomic Development		Score out of 12	12.00	12.00	11.77
Risk Management and Ethics					
Number of cases reported to the SpeakUp line		Number	118	145	169

Appendix B

Independent Auditor’s Assurance Report

on the selected sustainability information in Vodacom Group Limited’s Sustainability Report 2020

To the directors of Vodacom Group Limited

We have undertaken a limited assurance engagement in respect of the selected sustainability information, as described below, and presented in the Sustainability Report 2020 of Vodacom Group Limited (the “Company”, “Vodacom” or “you”) for the year ended 31 March 2020 (the “Report”). This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with relevant experience in sustainability reporting.

Subject matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected sustainability information, marked with a “A” on the relevant pages in the Report. The selected sustainability information described below have been prepared in accordance with the Company’s reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying reporting criteria).

Carbon emissions category	Selected sustainability information	Unit of measurement	Boundary
Scope 1 carbon emissions	Tonnes of CO ₂ arising from fuel used in stationary equipment (e.g. office and generators)	metric tCO ₂ e	South Africa
	Tonnes of CO ₂ arising from fuel used in mobile fleet	metric tCO ₂ e	South Africa
Scope 2 carbon emissions	Tonnes of CO ₂ arising from purchased electricity (e.g. network sites, data centres, and buildings)	metric tCO ₂ e	South Africa

We refer to this information as the “selected sustainability information for Limited Assurance”.

Your responsibilities

The directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the accompanying reporting criteria as set out in Appendix C of the Report (the “Reporting Criteria”).

This responsibility includes:

- the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance; and
- the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected sustainability information and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practices on which to draw allows for the selection of different but acceptable measurement

techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

In particular, where the information relies on carbon and other emissions conversion factors derived by independent third parties, or internal laboratory results, our assurance work will not include examination of the derivation of those factors and other third party or laboratory information.

Our independence and quality control

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and parts 1 and 3 of the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International

Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

The firm applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000 (Revised)), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements* (ISAE 3410) issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised), and ISAE 3410, involves assessing the suitability in the circumstances of the Company's use of its reporting criteria as the basis of preparation for the selected sustainability information, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- inspected documentation to corroborate the statements of management and senior executives in our interviews;
- tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- performed a controls walkthrough of identified key controls;
- inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected sustainability information; and
- evaluated whether the selected sustainability information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at the Company.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's selected sustainability information has been prepared, in all material respects, in accordance with the accompanying Company's reporting criteria.

Limited assurance conclusion

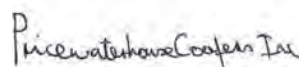
Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability information as set out in the subject matter paragraph above for the year ended 31 March 2020 are not prepared, in all material respects, in accordance with the reporting criteria.

Other matter

The maintenance and integrity of Vodacom's website is the responsibility of Vodacom's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on Vodacom's website.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the directors of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Company, for our work, for this report, or for the conclusion we have reached.



PricewaterhouseCoopers Inc.

Director: Herman Zulch

Registered Auditor



Johannesburg

12 June 2020

Appendix C

Limited Assurance indicator definitions report

for the year ending 31 March 2020

Carbon emissions category	Selected sustainability information	Country	Definition
Scope 1 carbon emissions 	Tonnes of CO ₂ arising from fuel used in stationary equipment (e.g. office and generators)	South Africa	Tonnes of CO ₂ arising from diesel usage at the office buildings and generators for the 12 months ended 31 March 2020.
	Tonnes of CO ₂ arising from fuel used in mobile fleet	South Africa	Tonnes of CO ₂ arising from petrol and diesel used by company owned vehicles for the 12 months ended 31 March 2020.
Scope 2 carbon emissions 	Tonnes of CO ₂ arising from purchased electricity (e.g. network sites, data centres, and buildings)	South Africa	Tonnes of CO ₂ arising from electricity consumption of access and core network sites, data centres and buildings nationwide for the 12 months ended 31 March 2020. Scope 2 emissions are associated with the consumption of purchased electricity from a source that is not owned or controlled by the reporting Company. Under the GHG Protocol, "Indirect" sources are those emissions related to the Company's activities that are emitted from sources owned or controlled by another company.

Appendix D

Glossary

ARB	Advertising Regulatory Board
App	Application
B-BBEE	Broad-based black economic empowerment
CDP	Carbon Disclosure Project
CO ₂ , CO ₂ e, tCO ₂ e	Carbon dioxide, carbon dioxide equivalent, tonnes of carbon dioxide equivalent
CFCs	Chlorofluorocarbons
CSI	Corporate Social Investment
EMF	Electromagnetic fields
EMS	Environmental Management System
GIS	Geographic Information System
GHG	Greenhouse gas; unless indicated otherwise, GHG emissions are made up of CO ₂ , methane (CH ₄), nitrous oxide (N ₂ O), hydro fluorocarbon (HFC), perfluorocarbon (PFC) and sulphur hexafluoride (SF ₆). The United Nations has identified these six gases as the main contributors to global warming.
GWh	Gigawatt hours (electricity)
GSMA	Global System for Mobile Communications Association
GBCSA	Green Building Council South Africa
GRI	Global Reporting Initiative
HVAC	Heating, Ventilation, Air Conditioning
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
IoT	Internet of Things
IPP	Independent Power Producer
King IV	King IV Code of Corporate Governance for companies operating in South Africa
kl	Kilolitres
kWh	Kilowatt hour (electricity)
MW	Megawatt (electricity)
mtCO ₂ , mtCO ₂ e	Metric tonnes of carbon dioxide, metric tonnes of carbon dioxide equivalent
NGO	Non-profit organization
NPO	Not for Profit Organisation
NPS	Net Promoter Score
OECD	Organisation for Economic Co-operation and Development's
SME	Small and Medium Enterprises
SMS	Short Messaging Service
STEM	A curriculum based on the idea of educating students in four specific disciplines — science, technology, engineering and mathematics
SRAN	Single radio access network
PPA	Purchase Power Agreement
UN SDGs	United Nations Sustainable Development Goals
WHO	World Health Organisation

